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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

### BUSINESS

## Fire in crowded store kills 10

At least 10 people, six men and four women, died as fire swept through a crowded Woodworth store in Piccadilly, Manchester. About 50 people, including four firemen, were taken to hospital. Firemen rescued at least 20 people from the roof and windows of the four-storey building. Women trapped behind barred windows screamed for help as thick smoke billowed around them and firemen fought to loosen the doors.

The fire started at lunchtime in the store's furniture department and spread rapidly. More than 100 firemen were needed throughout the afternoon to bring the blaze under control.

## Thorpe trial opens at Old Bailey

The trial opened at the Old Bailey of former Liberal Party leader Jeremy Thorpe and three other men accused of conspiring to murder ex-male model Norman Scott.

Mr. Thorpe was further accused of inciting David Holmes to murder Scott. All four pleaded not guilty and the day was taken up with the empanelling of the jury of nine men and three women and with legal submissions.

## Bomb at printers

Frankfurt police defused a home-made time bomb containing granite chips outside the Turkish printing plant where the Times tried to print an overseas edition two days ago. The discovery of the bomb coincided with a Hessen State Parliament debate on the publication attempt.

## Protection move

The Italian Government is expected today to call in the armed forces to protect key buildings and political rallies against terrorist attacks. Page 2

## Proll bid fails

Astrid Proll, aged 31, alleged West German terrorist facing extradition on murder and robbery charges failed in her High Court bid to prove she is a British citizen, despite judgement that her marriage to an East London plumber was legally valid.

## Carter death 'plot'

Charges of conspiring to kill President Carter were lodged against a man with starting pistol arrested while the President was making a speech in Los Angeles. Raymond Lee Harvey, aged 35, said he was supposed to fire the pistol as a distraction.

## Obote settlement

Mr. Milton Obote, former Ugandan president, accepted substantial "damages" in settlement of his High Court action in London over a Guardian article implying he had ordered the murder of Idi Amin.

## Nuclear peace

The anti-nuclear demonstration in the Torness power station in East Lothian, ended peacefully. Only about 100 of the thousands of weekend protesters remained in the hope of speaking to construction workers.

## Briefly...

Passenger train derailment near Huddersfield was thought to have been caused by vandals. Three people were treated in hospital.

Earthquake was shaken by a strong tremor. Similar tremors are reported in Skopje, Yugoslavia and San Francisco.

## RISE IN PRICE CHANGES YESTERDAY

Rises in price unless otherwise indicated

Northaw Cement	126 + 14	Elandrand	319 + 21
ginat	360 + 38	Kaununging	82 + 12
h and Lacy	200 + 7	Kloof	710 + 78
mbers	287 + 17	Libanon	598 + 51
ubb	176 + 8	Selection Trust	598 + 21
ectrocomponents	488 + 23	Tromph	280 + 25
rotherm	370 + 21	West Driefontein	2324 + 11
mbros	320 + 4	Winkelbaak	670 + 61
nger Invs.	100 + 8		
rdy (Furnishing)	270 + 13		
rig Quessway	675 + 150		
U Samuel Writs	157 + 12		
ons	274 + 16		
z Prov. Shop	274 + 16		
re O'Ferrall	153 + 11		
thern Foods	140 + 6		
arpe & Fisher	88 + 10		
ie of Leeds	133 + 12		
hrie	358 + 13		
agei Kriao	120 + 18		

# Howe sets out the guidelines for his first Budget

BY RICHARD EVANS AND PETER RIDDELL

The Government began yesterday to draw up the timetable for implementing the Conservative manifesto pledges. The Cabinet met for the first time and on his first full day at the Treasury Sir Geoffrey Howe, Chancellor, set out guidelines for the Budget preparations.

Budget day looks increasingly likely to be June 12. A later date or the end of May are not regarded as practicable. The only real alternative, June 5, may be ruled out since it is two days before the European elections.

At a 90-minute Cabinet meeting yesterday afternoon Mrs. Margaret Thatcher outlined the style of government she expected. Ministers are still expected to proceed with caution on contentious issues, particularly in the first few months of the new Parliament.

The Cabinet took a first informal look at the priorities for the legislative programme, but detailed discussion on the contents of the Queen's Speech, opening Parliament next Tuesday, was left to a further Cabinet meeting tomorrow. At that meeting the date of the Budget will be decided.

Sir Geoffrey has indicated to his officials the general approach to be adopted in assessing the scope for cuts in income tax. It involves working backwards from defined medium-term objectives for reducing the growth of the money supply and for the public-sector borrowing.

The Chancellor also discussed allocation of duties with other Treasury Ministers. Mr. Nigel Lawson, Financial Secretary, is likely to take some of the load of public expenditure work from Mr. John Biffen, Chief Secretary.

That is partly to reduce the burden on Mr. Biffen, but it reflects a more general recognition that in the Labour Government the junior Ministers had too little responsibility and too much of the load fell on Mr. Denis Healey and Mr. Joel Barnett. Mr. Lawson has been involved in the preparation of the Tory spending plans.

The Budget featured prominently in the priorities outlined to Ministers by Mrs. Thatcher yesterday. Others were to repair Britain's cool relations with the Common Market, to improve the country's international standing and to make a cautious start on seeking broad agreement on trade union reform.

The assumption in Whitehall is that the first session of the new Parliament will be unusually long, lasting until autumn next year. The alternative would be a very brief session until this autumn, followed by another Queen's Speech, but that is thought impracticable.

The longer timescale means that Ministers will be able to take more time over deciding priorities and to concentrate on the passage of the Finance Bill.

Continued on Back Page Other developments, Page 8 Review of local elections, Page 29

# NEB plans big increase in private investment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board is drawing up a plan which would transform it into a mixed public and private sector organisation by rapidly increasing the amount of private capital invested in some or all of its activities.

The plan is likely to be discussed soon by Sir Leslie Murphy, chairman of the NEB, with Sir Keith Joseph, who yesterday started work with his new Ministerial team at the Department of Industry.

Existence of the plan emerged when Sir Leslie announced yesterday that the NEB made pre-tax profits of £30.7m in 1978 and declared: "We would be very glad to get greater involvement of the private sector in our companies. We will be bringing forward a proposal later this year."

Sir Leslie also pledged himself to do all he could to co-operate in the review Sir Keith is about to start of the NEB's activities. The detailed ministerial work on this is likely to be done by Mr. Adam Butler, one of Sir Keith's two Ministers of State.

Three main possibilities are now being discussed within the NEB. They stem from work started by Sir Leslie last year on how the NEB's role as a "bridge between State ownership and private entrepreneurial activity" could be extended.

The idea which is arousing most interest is that the private sector should be invited to take shareholdings in sections of the NEB such as micro electronics, computers, or small companies.

This would apply to both new existing and new companies and thus could lead to shares being offered, for example, in a group which could include the NEB's INMOS micro chip company and its INSCAP and NEXOS computer and office equipment subsidiaries as well as some or all of its shareholdings in ICL and Ferranti.

The private sector is already involved through bank and other loans and through some personal investments in various of these companies, but the idea now is that the private sector should have a more positive role to play.

The second idea is that private sector shareholdings in individual NEB companies should be increased considerably beyond the 51 to 75 per cent involvement that the NEB at present prefers.

The third idea could involve shareholdings in the NEB itself, or at least in a hived off subsidiary that would exclude the main "lame ducks" like EL and Rolls-Royce.

The possible attraction of the first two ideas to the new Conservative Government, is that they could both cut the amount of Government spending taken up by the NEB and save the Government from having to try to sell new high technology companies like INMOS.

Sir Leslie would not discuss the details of the plans yesterday but he did emphasise that he intends to stay at the NEB. "As far as I am personally concerned I am not a quitter," he declared. "I shall certainly stay unless I'm fired."

Details, Page 13 Lex, Back Page

# U.S. troubles hit British groups

BY CHRISTINE MORRIS

U.S. PASTURES are proving treacherous for some British companies who have joined the rush to expand across the Atlantic. Yesterday two major groups, Mothercare and Lesney Products, announced that year-end profits had been savagely hit by problems in their U.S. operations.

Mothercare lost more than £1.5m in the U.S. last year, compared with a £280,000 loss the previous year. Mr. Bernard Adler, finance controller, said: "It is a vast market, far more complex than the UK. We never thought it was going to be this difficult."

Lesney, a major UK toy maker, did not separate out U.S. problems in its figures but admitted that "group profit almost halved to £5.1m because of serious shortfalls in North America."

Only last month the UK's leading toy maker, Dunbee Comber Marx, admitted that losses in the U.S. could nearly wipe out profits from its successful UK operation. Attributable losses in North America could be as much as £5m.

Another casualty of the U.S. market has been Reckitt and Colman. U.S. profits in this latest accounts, published yesterday, showed a drop of £2.7m to £7.8m.

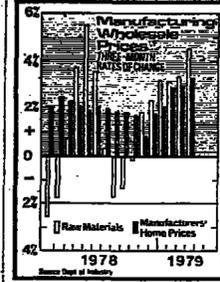
Reckitt's food division was hit by a potato glut, and a strike which went on to affect the early part of the current year.

Lesney's biggest problem has been integrating its new acquisition, AMT Corporation, which manufactures plastic toy kits and has recently moved to a Mothercare's expensive purchase of Ekon, which operates 112 Mother-to-Be shops and a mail order side, has had increasing losses. The performance of Mothercare's own shops in the U.S. has also been patchy.

Results, Page 30

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WHOLESALE PRICES (1975=100)

	Raw Materials (Home Sales)	Output
1978 1st	140.2	149.2
2nd	146.3	151.8
3rd	144.9	154.8
4th	147.1	157.3
1979 1st*	152.1	161.6
Jan.	150.8	160.0
Feb.	152.2	161.7
Mar.*	153.3	163.1
April*	157.6	165.3

\* Provisional  
Source: Department of Industry.

# Wholesale prices jump

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of price inflation has become more rapid, mainly as a result of the recent sharp increase in oil prices. But the present signs are that there may only be a modest further acceleration during the rest of 1979.

The wholesale price indices published yesterday show that manufacturing industry's raw material costs jumped by 2.8 per cent between March and April. The index now stands at 157.6 (1975=100).

The rise would have been even larger but for the appreciation of sterling during the month. This, coupled with rising North Sea oil production, has ensured that the UK has been less badly hit than other major industrialised countries by the rise in oil and other commodity prices.

The size of last month's rise in the index was in part exceptional because of the increase in crude oil prices. But the underlying acceleration is shown by a rise in industry's raw material costs of 8.2 per cent in the last six months, compared with 0.4 per cent in the previous half-year.

Some of the earlier increases and the high level of pay settlements have been working through to the output prices charged by industry at the factory gate. The price index for manufactured products rose by 1.3 per cent last month to 165.3 (1975=100).

This is well above the rate of increase in recent months and is in line with other evidence that price rises are becoming more frequent.

There are no signs yet of a price explosion. Instead there is likely to be a gradual acceleration and the retail price index on Friday will probably show that the 12-month rate of increase—9.3 per cent in mid-March—is hovering around 10 per cent.

What happens from now onwards depends not only on import and labour costs but also on the extent of any increases in indirect taxes in the Budget. Most observers still expect the 12-month rate to be not much more than 12 per cent by the end of 1979.

The full impact of the sharp increase in crude oil prices on April 1 was reflected in a 4 1/2 per cent rise in the cost of materials bought by manufacturing companies outside the food, drink and tobacco sector. After excluding crude oil this index fell by 1 per cent because of the appreciation of sterling.

The index for the price of non-food manufactured products rose by roughly 1 1/2 per cent last month as a result of increases in most sectors. Higher prices for petroleum products again made the most significant contribution.

The raw material costs of food manufacturing companies rose 1 per cent last month while the prices charged by this sector increased by 1 per cent. More than half the rise was explained by higher prices for animal feedstuffs and chocolate confectionery.

The index of prices charged for all manufactured products rose by 9 1/2 per cent over the 12 months to April compared with an 8 1/2 per cent rise in the year to March.

Detail sales boost, Page 8

# U.S. inflation fears

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, said yesterday that he would be "surprised" if the rate of inflation fell below 8.5 per cent this year.

He finally gave the big of death to the Carter Administration's official forecast of a 7.4 per cent increase in the cost of living in 1979.

The first quarter surge in inflation, during which both consumer and wholesale prices have gone up at annual rates of 13 per cent, has long since made the official target unattainable.

Mr. Blumenthal did hold out the hope of some abatement by either the summer or autumn. Before then, however, he foresaw "more bad price news".

Detail sales boost, Page 8

# Report urges 'efficient' apartheid

By Quentin Peel in Cape Town

THE WHOLE range of South Africa's complex race laws must be streamlined and modernised to eliminate bottlenecks in the economy and scrap the most glaring forms of discrimination, a major Government report proposed yesterday.

Dr. Piet Riekerk, the former economic adviser to the Prime Minister, has compiled a report seeking to cut the cost and improve the efficiency of the apartheid system. But he does not call into question the fundamental tenets of racial separation in South Africa.

The report proposes scrapping much of the bureaucracy which restricts the movement of urban blacks—and calls for improved systems of recruiting black labour for the white economy.

At the same time it suggests that the most blatant forms of discrimination, such as the curfew on blacks in urban areas and visits by blacks without urban residence rights, should be abandoned. But the overall system of influx control, even though discriminatory, should be retained.

The almost 300-page report, which reviews a dozen different Acts of Parliament, has been launched to coincide with last week's recommended overhaul of labour legislation proposed by the Wiehahn Commission, including trades union rights for black workers, and greater job mobility for blacks.

Both commissions, set up in the aftermath of the 1976 Soweto riots, are part of a far-reaching Government strategy to humanise and make more efficient the South African system of separate development by allowing notable concessions to blacks in the urban areas, while pressing ahead with the strategy of independent tribal homelands.

In its detailed response to the Wiehahn Report, published as a White Paper, the Government makes one big concession in proposing a ban on all future closed shop agreements, the single most important form of racial discrimination on the South African shop floor. However, this would not cancel existing closed shop agreements.

At the same time it blows a major hole in the principle of freedom of association proposed by Wiehahn by excluding all migrant black workers—at least one in three of the labour force

Continued on Back Page

## £ in New York

	May 7	Previous
Spot	152.0005-0815	152.0770-0780
1 month	0.55-0.55 dis	0.55-0.55 dis
3 months	0.55-0.48 dis	0.55-0.50 dis
12 months	1.55-1.45 dis	1.55-1.40 dis

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EUROPEAN NEWS

EEC ratifies UN liner code

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE EEC agreed yesterday to ratify the proposed United Nations liner code, intended to guarantee developing countries a significantly bigger share of international non-bulk cargo shipping.

Once this decision, taken by Foreign Ministers of the Nine at a council meeting here, has been ratified by their national parliaments, the code will have been approved by countries accounting for a sufficiently large proportion of world liner tonnage to bring it into force. The code aims to share out cargo carried on major shipping routes according to a fixed formula. This would assign 40 per cent of a given trade to the importing and exporting countries respectively, leaving the remaining 20 per cent for third countries or cross-traders.

Danish forecast shows 24% anti-EEC vote

By Hilary Barnes in Copenhagen DENMARK'S anti-EEC parties stand to pick up about 24 per cent of the vote in the European Parliament elections in June, according to a poll published here. The four parties, in an alliance including the all-party People's Movement Against the EEC, would probably take three of Denmark's 16 seats. The other seats will probably go as follows: Social Democrats four or five; the right-centre electoral alliance of the Conservatives, Liberals, Centre Democrats and Christian People's Party four or five seats; the anti-tax Progress Party two seats; Radicals one.

Deutsche Bank rejects charge

By Adrian Dicks in Bonn DEUTSCHE Bank, West Germany's biggest banking group, yesterday rejected firmly the suggestion that it might have co-ordinated recent changes in interest rates with Dresdner Bank and Commerzbank. Deutsche Bank said the increase in rates paid to savers could not be separated from overall alterations in interest rate structure, consequent on the March 29 increase in discount and Lombard rate. It also said that rates charged to borrowers had not been raised in respect of loans taken out before April 5.

applied on a more limited basis than envisaged when it was drawn up about five years ago. This was chiefly at the urging of Britain and Denmark, both anxious to protect their sizeable business as cross-traders.

In particular, the EEC has agreed that important parts of the code should not be applied to liner conference trades between Common Market members and other industrialised countries belonging to the Organisation for Economic Co-operation and Development.

In such trades, the 80 per cent share of the exporting and importing countries would be allocated between lines on a commercial basis, as at present, though cross-traders from developing countries would be entitled to bid for up to 20 per cent of the business. The code's provisions for fixing freight

Parliament ends on critical note

BY GILES MERRITT

THE OUTGOING European Parliament is to debate two contentious policy reports in its closing session here in Luxembourg this week.

The first is on the effects of enlarging the Community to include Greece, Spain and Portugal. The second is a working document intended to provide the incoming European Parliament, which will be elected on June 7-10, with a blueprint for radically overhauling the Common Agricultural Policy (CAP).

It criticises surpluses and the undermining of common prices by the Monetary Compensatory Amount (MCA) system and suggests as a solution that deficiency payments be made to farmers.

The document on enlarging the Community "deplores" the European Commission's "lack of practical proposals" on the

problems of unemployment and economic divergence which the enlargement of the EEC is expected to cause. But the Parliamentary report on CAP reform is likely to provoke the more serious controversy.

The paper on agricultural reform concentrates in its closing section on increasing the incoming Parliament's powers and influence. It alleges that EEC member Governments are extending their hold on the Community at the expense of the Common Market's efficiency and public support, and says the European Parliament is being excluded from decision-making.

The 106-page report details ways for the new Parliament to regain the initiative in EEC policy-making, and concludes that, by appealing directly to the public and breaking with the traditions of the past 13 years,

it could become a democratic champion, rather than the "mere tool" of technocrats and financiers.

There are more than 100 items for debate on the agenda of the present delegated Parliament. At first glance, it is very much a lame duck Parliament, which is pushing through a large number of lack-lustre and highly technical European Commission proposals, on subjects ranging from Penicillium tobacco to enzootic leukosis among cattle.

But it is also a Parliament which, on the eve of dissolution, is hard at work behind closed doors on procedures and targets for its enlarged and elected successor to adopt. Although only 15 per cent of the present assembly are likely to return when the new Euro-parliament meets in Strasbourg on July 17, they include many leading members and committee chairmen of the outgoing body.

countries appear amenable to such an arrangement, and Japan has indicated that it considers the EEC formula an acceptable compromise. But the attitude of the U.S., which has firmly resisted the code remains somewhat hostile.

The EEC will formally present its decision to ratify the code to the developing countries at the United Nations Conference on Trade and Development (UNCTAD) conference which opened in Manila this week.

After a stalemate in the EEC which lasted until the start of this year, the decision marks a significant achievement by the European Commission and member governments, who will no doubt also portray it as a major contribution towards the aspirations of the developing world for a better economic deal.

Most other European

countries appear amenable to such an arrangement, and Japan has indicated that it considers the EEC formula an acceptable compromise. But the attitude of the U.S., which has firmly resisted the code remains somewhat hostile.

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French Communists return to orthodoxy

By David White in Paris

THE FRENCH Communist Party's attitude towards the Soviet Union, its relationship with the French Socialists and its own administrative structure are expected to provide the main subjects for debate at the party's 23rd congress opening today.

The congress brings together 2,000 delegates at a sports centre in the working-class Paris suburb of Saint-Ouen, the site of the party's historic last congress in February 1976, when it joined the "Eurocommunist" ranks, dropped the "dictatorship of the proletariat" principle and distanced itself from current Communist regimes.

This week's congress is widely seen as marking a step back towards orthodoxy. The French Communists have already parted ways with their Italian and Spanish counterparts in adopting an openly hostile stance towards enlargement of the EEC and towards the reinforcement of EEC institutions, especially the European Parliament, due to be directly elected in a month's time.

The core of the discussion, which will be witnessed by about 100 delegations from abroad, is expected to be the party's analysis of current Communist regimes. A preparatory document published in February confirmed the position taken by M. Georges Marchais, the party's Secretary-general, that "the balance in Socialist countries is globally positive" — a verdict strongly contested by many French Communist students and others.

The congress is also expected to mark a further deterioration in relations between Communists and Socialists following the breakdown of their common platform and their defeat in general elections last year. The preparatory document pays lip service to the idea of a union of the Left, but attacks the Socialist party for "veering to the Right" and proposes a new balance between left-wing forces.

M. Marchais defended his position at the end of last year in a meeting between the party's Bureau Politique and 400 Communist intellectuals. This latter group has been the main source of criticism within the party, but the intellectuals are themselves split between different tendencies, notably that of the liberals and that of the theoretical purists who follow the line of M. Louis Althusser, the philosopher.

Italy expected to call in army to combat terrorists

BY PAUL BETTS IN ROME

THE ITALIAN caretaker Government of Sig. Giulio Andreotti is expected today to call in the armed forces to protect key buildings and political rallies against terrorist attacks.

This decision, which is likely to be approved by the inter-ministerial committee for security today, follows the latest outburst of political violence at the start of the general election campaign.

The Government has come under increasing pressure to bring back the army to back up the hard-pressed police forces following the terrorist raid against the Rome headquarters of the Christian Democrat Party last week.

The army was previously used to man road blocks throughout the country at the time of the kidnapping of Sig. Aldo Moro, the late Christian Democrat leader who was murdered a year ago today.

Considerable controversy has erupted among the various political parties, which are focusing their respective elec-

tion campaigns on the issues of terrorism and the restoration of law and order. The two main parties, the Christian Democrats and the Communists, have been involved in particularly heated controversy over the problem.

Although the army is expected to be used to protect official buildings, railway stations and party headquarters, it is unlikely to be engaged in anti-terrorist investigations. Sig. Andreotti has indicated his opposition to any extraordinary measures at this stage, saying that this would only play into the hands of the terrorists.

While terrorist attacks have continued during the last few days, the election campaign is also coming under strain as a result of mounting labour unrest.

Some 5m workers in agriculture and a number of major industrial sectors yesterday held a four-hour general strike as part of a broader trade union policy in view of the renewal of a number of key three-year national labour contracts.

In turn, the outstanding

social and economic problems of the country, now threatened with an increase in inflation, are featuring prominently in the electoral manifestos of the various political parties.

However, while terrorism and the continuing economic problems are the main topics of the campaign, the root issue is the eventual structure of the next Government.

As in the last general election, the fundamental issue is the future role of the Communist party which is pressing for direct participation in any new Government, which has been flatly rejected by the Christian Democrats.

A vociferous faction of the Christian Democrats are indicating their willingness to resurrect a formula similar to the old centre-left governing alliance with the Socialists, the country's third party.

For their part, the Socialists appear to be prepared to take into consideration this possibility if the party sees its electoral support increase in the polls on June 3 and 4.

Ankara talks on U.S. bases

BY METIN MUNIR IN ANKARA

MR. WARREN CHRISTOPHER, U.S. Deputy Secretary of State, left Turkey yesterday without obtaining an assurance on the continued use of U.S. bases on Turkish soil or increased Turkish co-operation for American monitoring of Soviet strategic weapons tests.

Mr. Christopher's principal aim was said to be to ensure the continued use of these bases. He also wanted, according to a senior Turkish official, overflight permission for U.S. spy planes. Mr. Bulent Ecevit, the Turkish Prime Minister, is reported to be firm on a quid

pro quo—economic and military assistance in exchange for the bases. Grappling with the worst economic crisis in Turkish history, Mr. Ecevit needs U.S. help in the international salvage effort being organised by the Organisation of Economic Co-operation and Development (OECD).

After his second meeting with Mr. Christopher yesterday, Mr. Ecevit said their talks had been "very useful." He had been promised that "the U.S. will do everything that is possible to expedite the credit aid to Turkey within the frame-

work of the OECD."

The Turks want Washington to guarantee that their arms requirements will be met. They are proposing an annual shopping-list of their needs to go to the U.S. administration. Ankara would reciprocate with a firm commitment on the bases.

Most of the bases serve as intelligence-gathering operations directed at the Soviet Union, Turkey's neighbour. The bases have become all the more important to the U.S. since its Iranian bases were closed. And a SALT II agreement may only be accepted by Congress if effective monitoring of the Soviet Union can be guaranteed.

However, Washington appears to be reluctant to make any immediate commitments on the military or economic requirements of Turkey. An IMF team is at present in Ankara to decide the measures necessary to put the Turkish economy back on its feet. If agreement can be reached with the IMF, commercial banks have expressed an interest in making fresh loans to Turkey.

Further air traffic rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

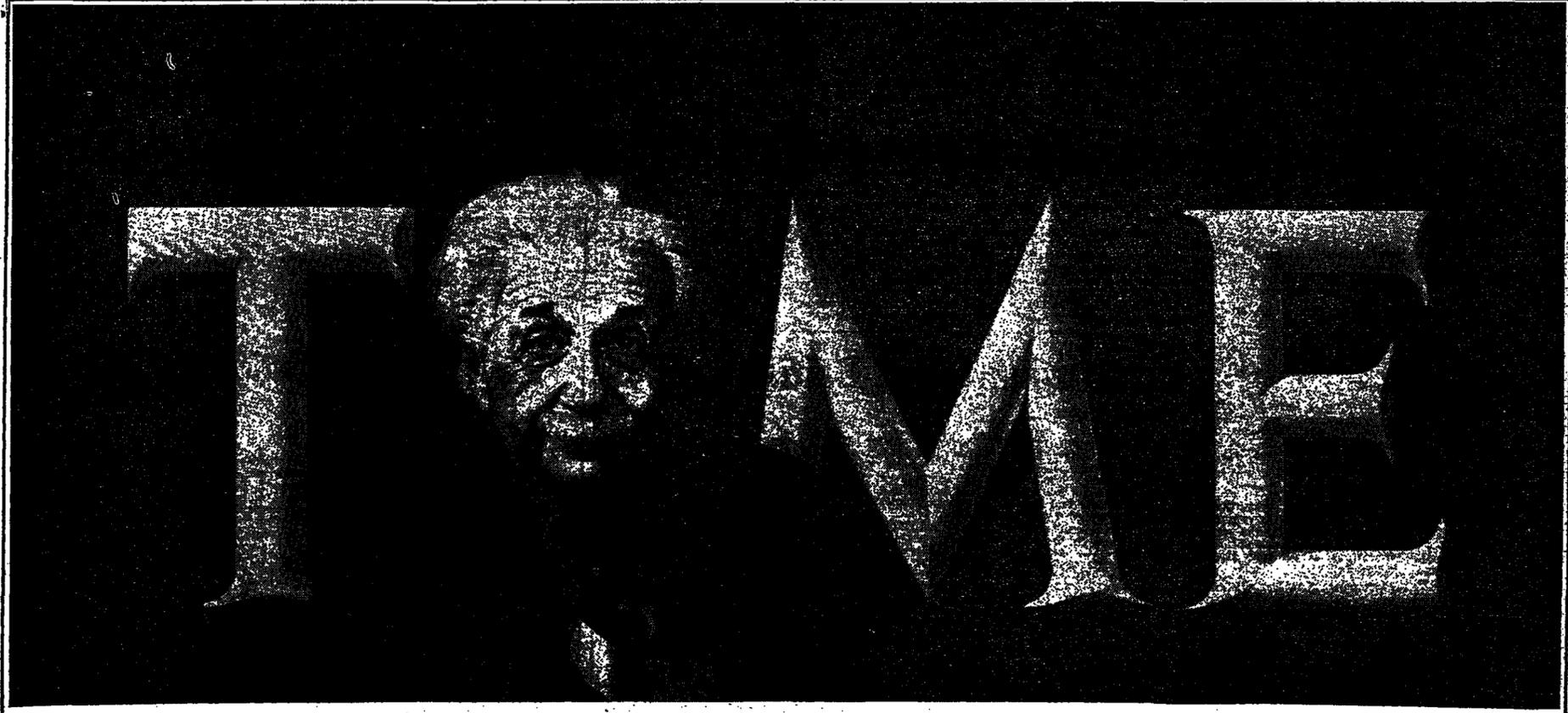
AIR PASSENGER traffic in the UK rose by 4.6 per cent in March compared with a year ago at the seven airports run by the British Airports Authority (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen).

This growth is lower than in recent months, due to the fact that Easter (traditionally a period of heavy traffic) this year fell in April, whereas a year ago it fell in March. Nevertheless, passenger traf-

fic at South-East airports (Heathrow, Gatwick, Stansted) was up by 8.3 per cent to nearly 2.6m, with Heathrow gaining 1.5 per cent to just over 2m, and Gatwick gaining 10 per cent to 532,000.

Aircraft movements rose overall by 7.5 per cent to 41,500, with movements at South-East airports gaining 7.8 per cent to 30,500. The biggest rise in aircraft movements was at Gatwick, with a gain of 18 per cent to 7,900 during the month.

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Everything is relative.

In the cool, beautiful language of mathematics, Einstein demonstrated that we live in a world of relative values. A recent story in the science section of TIME Magazine, honoring the centennial of Albert Einstein's birth, demonstrated TIME's own theory of relativity: that no subject is so abstract or esoteric that it cannot be made read-

able, understandable, enjoyable, even repeatable. One attribute that makes TIME unique among international news magazines is its conviction that responsible reportage is more than a matter of revealing and explaining, but is on occasion an opportunity to conduct the reader through intellectual adventures. TIME's esteem for informed curiosity has earned it more loyal readers, not only in America but also around the world, than any other single news source.



The news magazine for the internationally minded.

Handwritten signature or mark at the bottom center of the page.

EUROPEAN NEWS

# Eanes in talks on threat of Government collapse

BY JIMMY BURNS IN LISBON

PRESIDENT Antonio Ramalho Eanes today meets representatives from the four major political parties, amid increasing signs that the downfall of Portugal's five-month-old non-party government is now practically inevitable. The issue at stake is no longer whether or not the Government will survive, but rather how soon it will fall.

This has emerged during a week of growing separation between the Government and Parliament. Three major political groups, the Socialists, the Communists, and the right-wing Social Democrats (PSD), have now openly called for the resignation of the administration of Sr. Carlos Mota Pinto.

The conservative Christian Democrat Party (CDS) and the independent grouping of 37 PSD dissidents have held back from openly attacking the Government. But significantly enough, they have now begun speculating openly on its replacement.

The CDS, clearly stimulated by Mrs. Thatcher's recent electoral win, have disregarded their minority status in Parliament and yesterday published their first "shadow Cabinet" list.

The PSD dissidents, who have yet to form themselves into a party, have called on the Socialist Party to form a Presidentially-backed government suggesting that they themselves be included in it, if only in an advisory capacity. This proposal however, has been rejected by the Socialists, who have declared outright that they will not participate in any government until "after the next election."

The Socialists have thus dampened any glimmer of hope that a new inter-party alliance might be capable of providing an alternative to the present administration and of avoiding an early poll.

Faced with the aggressive attitude struck by Parliament, President Eanes appeared to be looking now for a compromise formula that could prevent a major constitutional crisis emerging during the next few days. In an interview at the weekend, the President back-pedalled on his previous unflinching defence of the Government. He insisted, however, that, regardless of whether the Government survived or not, a major priority was to have the budget approved when it is

presented to Parliament on or around May 15.

In the view of the Presidency, the safe passage of the budget is now not so much a political option, more an economic necessity. Not only are the public companies rapidly running out of funds but also the defeat of the budget would almost certainly put an end to any hope of Portugal resuming negotiations with the International Monetary Fund.

So far both the Communists and the Social Democrats have threatened motions of censure. Under the terms of the Portuguese constitution, an interval of not less than 30 days must separate motions of censure, and the Government need only resign if both motions are proved by a Parliamentary majority. The Socialist Party has asked the Government to face a confidence vote, but only after Parliament deals with the budget issue.

## Poles agree itinerary for Papal visit

By Christopher Bobinski in Warsaw

CHURCH and State in Poland have finally agreed on a detailed programme for the Pope's nine-day visit here next month but strains are evident between the two sides over the final details.

The programme sees the Pope attending mass and giving ten sermons in Warsaw and Gdansk, in Czechochow, Poland's national shrine, and in Krakow, his old diocese. He will also visit Wadowice, his birthplace, and say mass at the former concentration camp at Auschwitz, as well as meeting the Polish communist party leadership.

The Pope will not, however, go to Piekary Slaskie, a shrine near Katowice in the centre of Poland's industrial district of Silesia in spite of a call from local bishops for him to include the shrine in his itinerary.

The authorities refused to agree to a visit to the shrine. This follows a day of demonstrations in the Silesian town of Tychy some 12 miles south of Katowice on April 23 after the authorities attempted to remove a cross from the town centre.

The local clergy placated the crowd, and the authorities reconstructed the cross that night. Some 15,000 people gathered at the site next evening for a consecration service.

Travelling to see the Pope may be a problem. There are indications from some parts of the country that local authorities are obstructing efforts by parish priests to hire transport for the crowds expected to want to travel to see the Pontiff.

Some bishops suspect that security considerations are being used by the authorities to cut down the numbers of people making such a trip.

PAUL LENDVAI reports on the reasons for Austria's Socialist victory

# 'Kaiser' Kreisky's biggest gamble pays off

SINCE Sunday afternoon, opinion researchers, sociologists, journalists and, of course, politicians, have been discussing the reasons for what is being called an election "miracle"—the biggest Socialist victory in modern Austrian history.

No serious observer expected it, and until recently, most commentators were speculating about the future shape of coalitions if Chancellor Bruno Kreisky were to go.

After nine years' Socialist rule, the Chancellor, who is 68 and allegedly in frail health, was fighting seemingly overwhelming odds.

The feeling of "time for a change" and that "nine years are enough" was reflected in a string of setbacks. Despite the Chancellor's personal pleas the Government was defeated by a narrow majority at the referendum last November on the commissioning of Austria's first nuclear plant.

His party suffered a setback at the important Vienna municipal elections, with 60,000 Socialist voters abstaining.

Last, but not least, controversies about the lifestyle and business interests of his deputy, as well as a concerted campaign about alleged corruption scandals, dominated the headlines, with most papers solidly against the Socialists.

Yet the outcome was a political sensation. The Socialists won a fourth consecutive victory, for the third time with an absolute majority, and increased their strength from 93 to 95 seats out of a total 183.

Two figures indicate the profound changes in the political landscape. In 1970, the gap between the Socialists and the main opposition party was three seats and 170,979 votes. On Sunday, it widened to a difference of 18 seats and 431,302 votes.

"Kaiser Kreisky's greatest gamble pays off," newspaper headlines declared. Even the

staunchly bourgeois Die Presse appeared with a banner headline: "Kreisky - Socialist triumph." A first study revealed that over 51 per cent of Austrians—and a clear majority of the 3m young voting for the first time—had opted for the Socialists.

Yet it was a gamble, because Dr. Kreisky kept hammering at his main theme: Everything—or nothing.

Either the Austrians wanted him and voted for the Socialists or chose "the only available alternative, a conservative, even reactionary, coalition" of the two bourgeois parties.

These were the People's Party headed by Dr. Josef Taus, a former banker, and the Freedomites, led by the Right-wing Mayor of Graz, Dr. Alexander Goetz.

Hence the yellow stickers all over Austria: "Taus-Goetz? No Thank You," four years ago, the posters asked: "Kreisky—Who Else?" This time they declared: "Kreisky: Austria Needs Him."

Almost 52 per cent of the valid ballots agreed. Does this mean that the Austrians have become Socialists? By no means—they are in fact profoundly Conservative. Paradoxically, this is one of the main reasons for Kreisky's victory.

After listing the successes of the Socialist Government in his masterly TV appeal on Saturday night, the Chancellor posed a simple question: "The other two parties would like to do everything differently. But when everything is done differently, the result is also something completely different. Should everything be different, then?"

The crux of the matter is that his personality, style and policy appeal to the Conservative instincts of the average Austrian.

Nothing could better illustrate the rigidity of preferences than the fact that during the 21-year coalition system of the Socialists and the People's



A jubilant Chancellor Bruno Kreisky celebrates his election victory with party friends

Party (1945-1966) the country had only altogether four Chancellors and three Foreign Ministers.

Elected in February 1967, as chairman of the Socialist Party, but only with a two-thirds majority, Dr. Bruno Kreisky first changed his party, then the entire political landscape.

It is now common knowledge that Austria is a haven of labour peace with a 4 per cent growth in the '70s and virtually full employment. The schilling is one of the stablest currencies and the inflation rate was down to 3.6 per cent last year. About 76 per cent of the Austrians declared in a recent opinion poll that they saw "Austria as it is today" as a model for the whole world.

When Dr. Kreisky receives President Sadat in Vienna, the former U.S. presidents Nixon and Ford in Salzburg, or meets Mr. Brezhnev in Moscow, the public in Austria is spell-bound.

Even staunch conservatives pay tribute to his international prestige. In December 1975,

when Dr. Kreisky negotiated free passage for the terrorists who hijacked the OPEC ministers, he was widely criticised by foreign observers for giving in to blackmail. Yet most Austrians approved his negotiating tactics.

For over 25 years, this scion of a well-to-do Jewish family of industrialists and intellectuals has been active in foreign affairs.

For 13 years, he was in charge of Austrian foreign policy, as first as Secretary of State, and later Foreign Minister.

Already involved in the negotiations leading in 1955 to the Austrian State Treaty and the termination of the four-power occupation, he is regarded as "Mr. Austria" abroad. For his countrymen, he also represents a bridge between past and present, and an overcoming of the Nazi past.

A non-believing Jew in a country with deep-seated traditions of anti-Semitism, where after the Anschluss of 1938, the Nazi Party had 567,000 registered members, Bruno Kreisky

may well have profited from the guilt-ridden conscience of many elder Austrians.

But for many younger people, the unprecedented popularity of the Jewish Chancellor is also a symbol that there has emerged a truly new Austria.

After the election, Die Presse remarked that Austria was a "Kreisky-land," with people voting for a father figure, for an "ersatz Kaiser," for the past and present, rather than for the future.

Dr. Kreisky resents suggestions that he is a "conservative." As a daring anti-Fascist and Socialist, he spent, in all, two years in prisons before emigrating to Sweden in 1938. Thirteen years in Sweden shaped his life and outlook.

He is a life-long Social Democrat but with the flair of the grand bourgeois whose chief aim has always been elimination of poverty and maintenance of job security.

Dr. Kreisky's philosophy is a curious mixture of Marx and Bernstein. Keynes and Galbraith, spiced with practical experiences collected under the Swedish Welfare State and post-war Austrian social consensus.

In a real sense, the Kreisky brand of moderate Social Democracy and the Austrian's own love of compromise, is the background to what an Austrian paper called a "world record in political success."

It is estimated that the "Kreisky effect" was responsible for six to eight seats out of a total 95 gained by the Socialists, and for 5 to 7 per cent of the almost 52 per cent of the vote polled by the Socialists.

What comes after the Kreisky phenomenon? "For the time being, I am in charge and intend to serve fully by four-year term as a Chancellor."

"We are not a monarchy with crown princes. The party will decide at the right time who my successor will be," Dr. Kreisky said in an interview.

**ARNOLDO MONDADORI EDITORE**  
S.p.A. with Head Office in Milan—Capital Lit. 7,507,500,000

**Annual General Meeting of 30th April, 1979**

The Company's Shareholders' Meeting was held in Milan on 30th April 1979 in order to approve the Balance Sheet as at 31st December 1978. In its Report the Board revealed the following significant items:

- the balance sheet closed with a net profit of Lit. 5,100 million (against the loss of Lit. 280 million in 1977);
- total turnover for the year under review amounted to Lit. 245,900 million (+17%);
- exports, already included in the total turnover, amounted to Lit. 58,800 million (+22%);
- turnover of the controlled companies amounted to Lit. 88,000 million; the algebraic sum of the results obtained by these companies gave a profit of Lit. 2,300 million;
- fixed assets in machinery amounted to Lit. 52,200 million;
- depreciation for the financial year totalled Lit. 5,200 million, which was Lit. 682 million more than estimated. The depreciation fund reached Lit. 32,300 million;
- reserves shown in the accounts at the end of the financial year totalled Lit. 13,300 million;
- personnel employed by the Company as at 31st December 1978 numbered 5,408 in all. The Group's employees, including the employees of the controlled companies numbered 6,812.

The Meeting approved the distribution of a dividend of Lit. 120 per each preference share and of Lit. 100 per each ordinary share of Lit. 1,000, taking Lit. 820 million from the profit. The remaining part of the profit, equaling Lit. 4,300 million, was brought to reserves.

The Meeting proceeded then to appoint the members of the Board and the Auditors for the years 1979, 1980 and 1981.

Members of the Board were appointed as follows: Messrs. Giuseppe Laurighi (President), Mario Formenton (Vice-President and Managing Director), Sergio Poillio (Managing Director), Gianandrea Bassetti, Romny Bonelli, Mario Cimadori, Massimo Colombo, Giuseppe Daveri, Laura Mondadori and Leonardo Mondadori (Directors).

Members of the Board of Auditors have been appointed as follows: Messrs. Franco Jorio (President), Enrico Gianini and Pierluigi Martinelli (Standing Auditors), Lucio Mayer and Gustavo Cocchini (Substitute Auditors).

In extraordinary session the Meeting resolved to carry out a number of amendments to the Company by-laws.

# The matchmakers.

Burroughs modular terminals give you the flexibility to mix components to match your precise requirements.

Burroughs Modular Terminals (BMT™) offer almost unlimited configuration flexibility for greater economy.

A mix of displays, keyboards, printers, magnetic card readers, memory subsystems and more can be structured into a network. You match the job with the exact terminal needed.

Each BMT terminal system is driven by its own microprocessor, a tiny, but powerful, programmable computer with its own memory.

It supplies processing intelligence for the terminal modules. And for application programs, data storage and peripheral control.

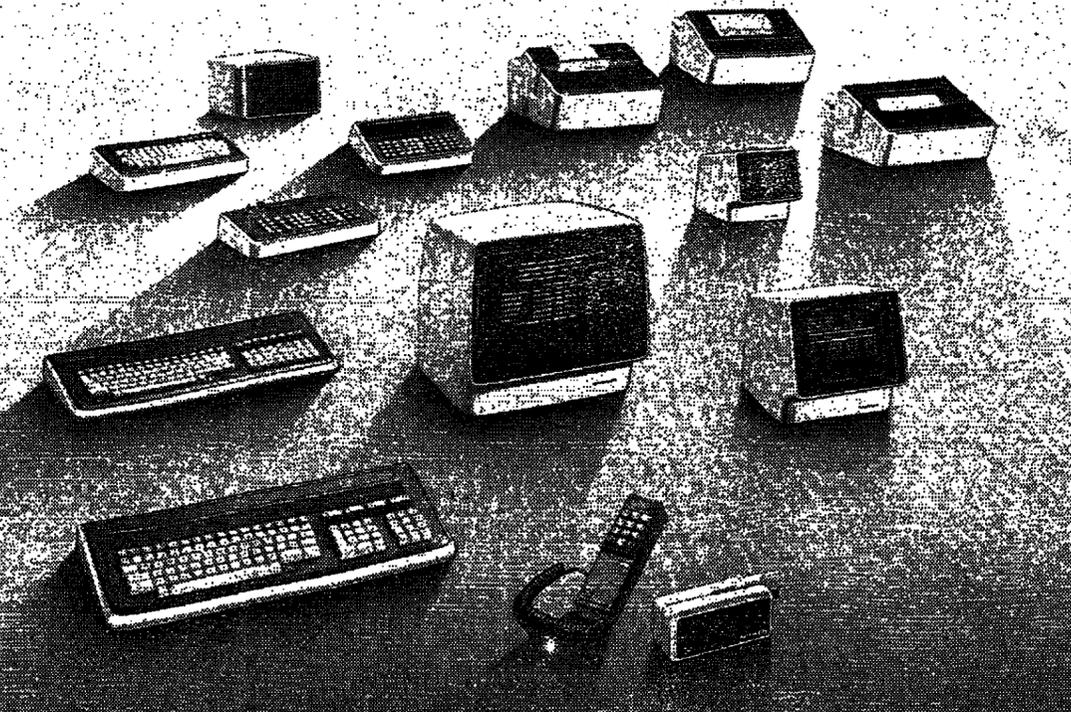
It eliminates separate communications controllers linked to your central computer. And it allows

programming for alternate functions.

You can change and expand your network, and take advantage of new BMT developments, without having to reprogram.

And remember, when you buy a Burroughs system, you get more than just equipment. You get our 90 years experience in information management. Plus system software, application programs, training and system support—even the business forms and supplies you need.

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# Burroughs

**DANA**

**Productive people breaking records again**

This year the pace of progress is again impressive. Half-year earnings per share, dividends, income and sales soared to new peaks. As the table below indicates, sales jumped 30%. Even more significantly, income went up 35%.

The dividend was increased for the 10th consecutive quarter. And, while the increase looks modest, over \$44 million will be paid out to DANA stock owners this year, against \$38 million paid last year.

**FINANCIAL HIGHLIGHTS**  
(All figures rounded)

	Six Months Ended Feb. 28, 1979	Six Months Ended Feb. 28, 1978	Percent Change
Net Income Per Share	\$2.50	\$1.87	
Dividends Declared Per Share	\$ .69	\$ .61	
Net Income	\$80,888,000	\$59,200,000	+35%
Net Sales	\$1,370,000,000	\$1,051,000,000	+30%

**DANA CORPORATION**  
A profitable world wide manufacturer of components for the industrial, motor vehicle, and service parts markets.

AMERICAN NEWS

Sunshine state suffers as petrol rationing and shortages start to bite

CALIFORNIA, the land of cars, has run short of the means to run them. Yet, less than a year ago the West coast was said to have an oil glut. On the surface the reasons for the change look simple. The oil companies, say there is a shortage of crude oil world-wide following the revolution in Iran. The U.S. Department of Energy is also asking them to divert production from petrol to heating oil to rebuild stocks.

entitled to 7 per cent of crude that it is no longer getting. Saudi Arabia said in April it will not continue to fill the gap and other producing countries, like Indonesia, now prefer to sell their spare crude for high stock prices rather than let companies like Stancal have it.

The crude is either passed through pipelines to refineries in the Midwest or shipped in small tankers through the Panama Canal to Gulf coast refineries.

cars. Now a greater proportion of Californian cars require unleaded petrol, which takes about 7 per cent more crude oil to make than a gallon of leaded petrol, and the cars do fewer miles per gallon.

in 1978 was up by almost double the national average (7 1/2 per cent against 4 per cent). In real terms this reduces a Californian service station's typical allocation for May of 80 per cent of last year's supplies to less than 75 per cent of today's likely demand.

rationing. Cars with odd licence numbers will be able to buy petrol on odd days, even licence numbers on even days. Doctors and nurses will get...

How the system will cope is anybody's guess. Most of the independent service stations, about one in five, plus an unknown number of tied suppliers threaten to close for four days from May 17 to 20, claiming that they are being squeezed from both ends.



Governor Brown... first with petrol rationing.

Greater density

The West Coast "glut" consisted of one-third of BP's present Alaskan production of 1.2bn barrels a day. This crude is of much greater density and higher sulphur content than the missing Middle East crude and cannot easily be used in Californian refineries, unless they are expensively rebuilt.

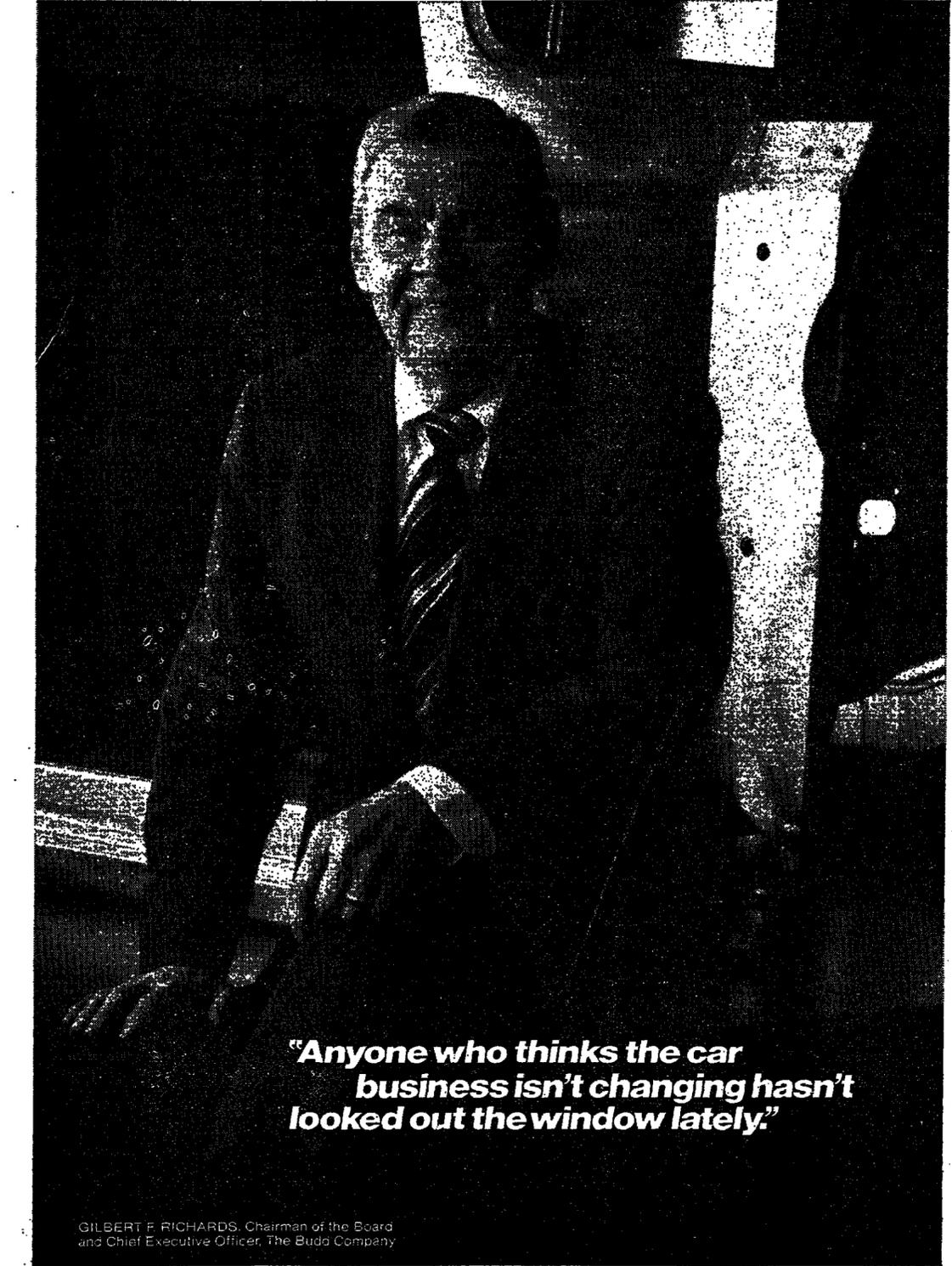
California has not helped itself, say the oil men, insisting on tight pollution controls for

Petrol demand in California

No change

Over the same period, the average petrol sales in California had dropped from 14.1 gallons to under 10 gallons. For the United States as a whole, there had been virtually no change in the average sale, at around 12 gallons. Californians are very scared of running dry.

No petrol station in California now opens at weekends. Most open for a few hours in the morning and late afternoon in the rush hours. Desperate motorists park their cars overnight in a service station to book a place in the morning.



"Anyone who thinks the car business isn't changing hasn't looked out the window lately."

GILBERT F. RICHARDS, Chairman of the Board and Chief Executive Officer, The Budd Company

Just look around and you'll see that driving habits are undergoing a revolutionary change. For some it's an all-purpose vehicle that answers their life-style. For others it's a lighter car for improved gas mileage. But no matter which way things go in the future, Budd will be there to help automotive companies answer the challenge.

we were working to have the industry accept steel instead of wood for car bodies. Now the challenge is finding the best material available. Besides helping the world industry meet net weight and strength requirements for the cars and lorries of today, we are at work on high-quality components for vehicles of the future.

world. Our experience in engineering, design and testing is used extensively in all phases of manufacturing. From concept to finished product. If you'd like to know more about a company that knows where it's going, and how to get there, write The Budd Company, 3155 West Big Beaver Road, Troy, Michigan, U.S.A. 48084.



THE PROBLEM SOLVERS FROM BUDD.

Carter oil plan in trouble

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

OPERATING under a Friday deadline, both Houses of the U.S. Congress yesterday began climactic deliberations on President Carter's contingency petrol rationing plan.

differential favouring the larger rural states. The first amendment is intended to prevent the more affluent from buying up dirt cheap old cars with no intention of driving them, but simply to secure a greater petrol allowance.

Ford, on possession of a driver's licence. Even if Congress does grant the President the powers he has requested, it would still be able to veto his use of them. But the prognosis for passage of all four elements is not considered good.

Only one element of Mr. Carter's four-pronged package—mandatory controls on temperatures in public buildings—is expected definitely to be passed. The other three parts, coupon petrol rationing, weekend petrol station closings and curbs on the use of outdoor neon lighting, are in varying stages of trouble.

Mr. Carter's rationing plan is based on car ownership and not, as was the case under President

Canadian-refineries. They will use the Mexican crude to replace Middle East oil. Regarding the price, Mr. Gillespie said that he expects Mexico will not want to sell the oil to Canada for any less than world prices.

Pemex sale to Canada

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN and Mexican governments have agreed on an energy deal which will allow Canada to buy Mexican crude oil for eastern Canadian refineries early next year.

The agreement notes that the 100,000 barrels a day is an "objective" and is subject to Mexico's ability to expand its oil production facilities to meet this and other export demands.

Hostages 'escape' from San Salvador embassy

FIVE HOSTAGES, including Sr. Julio Esquivel Valverde, Costa Rica's Ambassador to El Salvador, escaped from the embassy in the capital San Salvador where they had been held hostage over the weekend. The Ambassador told a news conference in San Jose, Costa Rica, yesterday.

secretaries — had left for San Jose shortly afterwards, the official added. In San Jose, Sr. Esquivel Valverde said that he and the other four hostages had slipped through a side door after gaining the confidence of the three members of the Popular Revolutionary Bloc who had invaded the Embassy on Friday armed with machets and pistols.



holding Ambassador Michel Dondonne, Counsellor Jean Duffaud and three others there. A third group still occupied the metropolitan cathedral but there were no hostages at the cathedral.

Pay limit battle likely at Uniroyal

BY OUR NEW YORK STAFF

UNIROYAL, weakest of the leading U.S. tyre producers, is likely to be a battleground today for the second major union challenge to President Carter's wage guidelines.

Unif esnis ET SH C MSERY business if they reach a three-year contract which exceeds the 22.5 per cent increase in pay and benefits over three years, which is allowed by the guidelines.

denies having made such an offer which would add about 35 per cent to its total employment costs. These costs are already higher than its three main rivals whose payrolls would increase by about 40 per cent if they implemented the same terms.

Survey condemns car repairers

BY JOHN WYLES IN NEW YORK

CAR REPAIRERS look likely to join second-hand car salesmen in the basement of U.S. public esteem, after a Department of Transportation survey found that 53 per cent of repair bills are charges for unnecessary work.

Mr. Brock Adams, the Transportation Secretary, said the survey confirms what many people already know. He is convening a public forum in Washington on May 22 to discuss consumer problems in car repair.

and at five garages customers paid between \$75 and \$180 for unnecessary repairs on a car with a malfunctioning spark plug. Most commonly they were given a package deal, including a complete tune-up or a replacement of the ignition wiring system.

J.P. 11/15/80

**He'd never been in my car before and was obviously impressed by the deep plush seats, air-conditioning and quietness of the six cylinder engine.**

**"How much did it cost?" he asked, in that direct way Americans have.**

I had been anticipating the question.

He had been silent since the start of the journey but it had been one of those silences that spoke louder than words.

I had seen him stroking the seat, then casually squeezing it as one might test the freshness of a loaf.

Twice he had turned in his seat to look at the back of the car and I noticed that on both occasions his returning gaze had lingered on the sun-roof above our heads.

As the car negotiated the rush hour traffic, he settled back in his seat and stretched his legs, extending his toes as if to test the leg room. A second or two later he turned to me and asked his question. We had a long journey ahead of us and I felt a little gamesmanship might pass the time.

"How much did it cost?" I echoed. "Why don't you try and guess?"

He smiled. "I've no idea how much Volvos cost."

"No, but you know how much your own car cost— if you get within £500 of the price, I'll buy dinner tonight."

He had sat up, interested in the game.

"Right," he said, "I'll need a few clues."

He took from his pocket a small notebook, beautifully bound in calf leather and a black Mont Blanc pen. He was, apparently, no stranger to quality.

"Well, the car is the Volvo 264 GLE" I began. "It's the best 4-door saloon car that Volvo make."

I felt rather vainglorious positioning it in this way, but to be fair, it seemed a piece of information he should have.

"It has a 2.7 fuel-injected V6 engine with an output of 148 bhp," I continued.

He looked up from his notebook and smiled. "It's very quiet," he said. "Very quiet."

We had by now reached the motorway and I slid my window up as we settled down to the long drive ahead.

It was a warm muggy evening and I blessed the fact that the car had air-conditioning.

"Is that an extra?" he asked as the air around us magically became cool and comfortable.

"No," I said. "It's a standard feature. I won't give you all of them or you'll get writer's cramp— but you ought to know the main ones."

He chuckled.

There was something about him that reminded me of Spencer Tracy, but I resisted the temptation to tell him so.

"The ribbed-velour seats are standard, so are the power steering, electric windows, steel sun-roof and tinted glass."

I hesitated for a moment, then went on with my list. "Metallic paint, electrically operated

door mirrors, headlamp washer/wipers, tachometer, a heated driver's seat..."

He interrupted and asked me to slow down. "Not the car, just the description," he added.

The motorway was now almost empty of traffic and the evening's humidity had turned to rain.

I always enjoy driving in the rain. The Volvo sits full square on the road and one wafts past slower traffic with almost feudal disdain. Of all the cars I've owned, none has made me feel more secure on a long journey.

"I'm ready for more dictation, sir." He had put on the accent of the young Judy Holliday and I began to look forward to an amusing dinner.

"Right," I said. "Just a few more I think." He looked up, pen at the ready.

"You get stereo speakers in the front doors, sun blinds on the rear window, head restraints on the rear seats, lights in the engine, glove box and boot, a clock, cigar lighter, radial tyres, fog lights, etc. etc. etc."

I delivered this last inventory in one breath and after a while he gave up the attempt to write them down.

"I get the picture," he said. "It's a very well-equipped car."

"Do you want to make a guess at the price?" I asked.

"Just two more questions," he said. "I assume you're talking about the price for the automatic model?" I nodded.

"And I'm taking for granted that all the usual Volvo safety features are built in."

"All present and correct," I answered.

He screwed up his face as if pained by the process of thinking. He felt the seat again; needing it seemed, a final confirmation of quality.

"Okay," he said. "I'd say you couldn't get this package for less than £11,000."

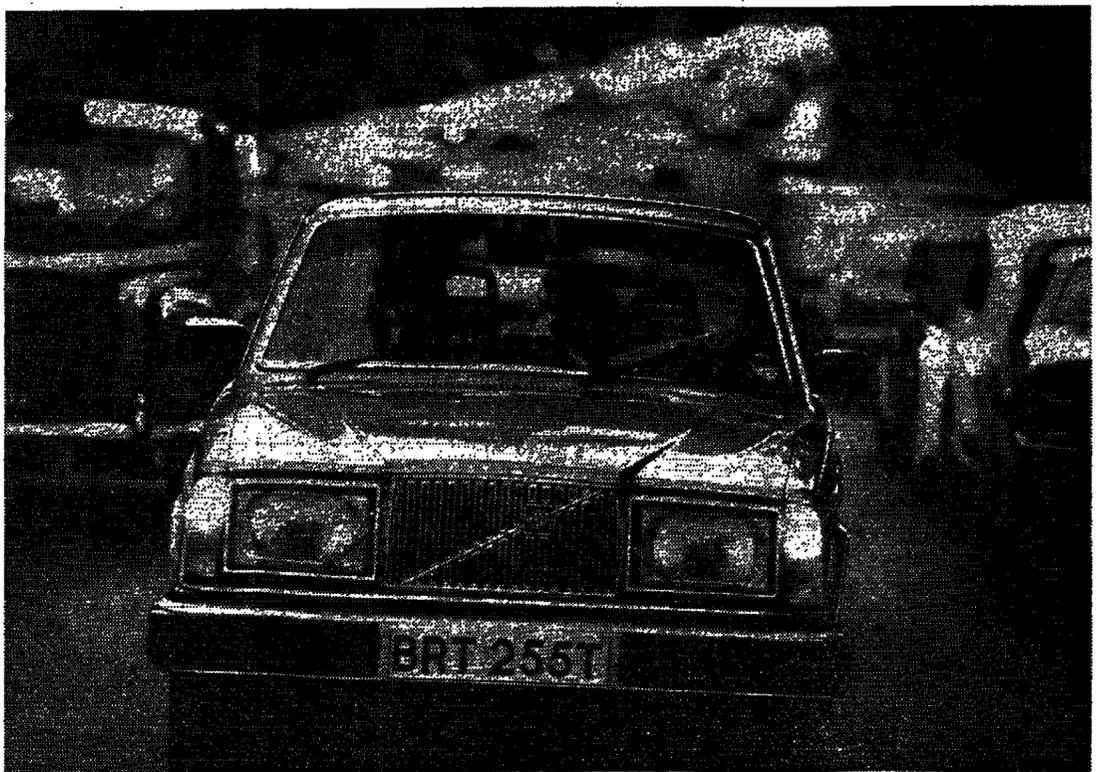
It was difficult to keep the satisfaction out of my voice.

"It costs £8,827," I replied.

He was silent for a moment, but only for a moment.

"You can still buy me dinner," he said. "If that's all you paid for this car, you can afford to."

I couldn't argue with him. The Volvo 264 GLE.



# OVERSEAS NEWS

Richard Hanson reports on a changing relationship with the U.S.

## Taiwan still booms, despite the shock

MORE THAN four months has passed since the U.S. Government normalised diplomatic relations with the People's Republic of China—and Taiwan is not only still there, but apparently not too unhappy with its new status.

After briefly venting its feelings at President Carter's abrupt (and in the Taiwanese view, tactless) handling of the change-over, the Nationalist Government seems to have decided to swallow its pride.

Public rancour over the U.S. move ceased partly because it threatened to become counterproductive. It may also have faded in the face of the successful "smiling diplomacy" offensive launched by China in the wake of its latest diplomatic victory.

But the final and most convincing explanation is that most people in Taipei (inside and outside the government) believe they still have many years of security and prosperity ahead.

In Taipei, things have returned to normal. Some doubt exists, in fact, whether there was ever any real departure from normalcy. The Taiwan economy is booming as before and its infrastructure is growing stronger.

Real economic growth in 1978 was 12.8 per cent, up from 8.1 per cent in the previous year. Growth rate should reach 10 per cent this year, despite deterioration in the external economic environment caused by oil price increases.

Rapid economic growth in Taiwan can almost be taken for granted. Of greater importance at this juncture may be the response of foreign investors and bankers to the change in the island's status.

If loan commitments and investment decisions are anything to go by, this appears to have been extremely positive. Foreign bank commitments to the island in the three months after the Carter broadcast exceeded by about 50 per cent those made during the whole of 1978 (including more commit-

ments by the U.S. Ex-Im bank which has extended a total of \$2bn).

A number of major companies including Perkins Engines of the UK and General Electric and Chrysler of the U.S. have continued negotiations on investment projects first conceived before normalisation.

For them to have done so, and for more foreign investors seeming to be beating a path to Taipei is unsurprising for two reasons.

First, when President Nixon signed the Shanghai communiqué in 1972, businessmen took the view that eventual normalisation of U.S. relations with China was a foregone conclusion and assessed the risks of investing in Taiwan accordingly.

The time of the U.S. announcement was only months away from what had been generally expected, so the business community could hardly be expected to panic.

Second bankers and businessmen still seem to favour Taiwan's chances of surviving and prospering because the post-normalisation U.S. commitment to Taiwan has turned out to be far stronger than originally appeared likely.

The Taiwan Relations Act recognises Taiwan's laws as those of a separate nation (despite the official U.S. diplomatic view that Taiwan is part of China and China's capital is Peking).

It assures banks that loan agreements made with Taiwan borrowers are still valid. It commits the U.S. to continue to supply arms to the Taiwanese armed forces, and incorporates a strongly worded expression of American interest in the island's future security.

Of 60 treaties in force between the U.S. and Taiwan on January 1 this year, 59 are still in effect today. The exception is the mutual defence pact, to be phased out by the end of the year.

The transition from a fully-fledged American Embassy representing U.S. interests in

Taiwan to the "American Institute in Taiwan" which now does the same job, was not smooth.

The opening of AIT was delayed for six weeks after the Embassy closed at the end of February because of snags in gaining approval for its operating budget from a stubborn arrangement with Taiwan has no official sanction.

Apart from the U.S. and Japan, other nations have for long kept a low profile (both diplomatic and business) in Taiwan so as not to jeopardise trade opportunities with China. Some major investment has been made by Europeans

forces, however, appear strong enough to make the cost of an invasion from the mainland prohibitively high in the foreseeable future.

If, then, Taiwan does have worries, they have less to do with foreign reactions than those of Taiwan's own business community (and to a lesser extent, other overseas Chinese businessmen).

Ironically, the hardest investment decisions taken in Taiwan over the next few years may be those taken by the Taiwanese themselves. Bankers already report some sign of inhibition from local investors.

The Chinese leadership in Peking has indicated that foreign investments will be respected if and when Taiwan is reunited with the mainland, but considerably more doubt exists whether "indigenous" Chinese investment would be accorded similar treatment.

The doubt also applies to investments made by overseas Chinese businessmen operating from Hong Kong or Singapore.

Taiwan's other main worry is to ensure that being "frozen out" of the international community politically and diplomatically does not lead to a freeze on foreign markets.

Now, there is no indication that this is about to happen: the island's global trade performance presents a picture which is the reverse of withdrawal. Exports in 1978 rose 35.7 per cent to \$12,704bn (only \$7m less than exports from Korea, which has more than twice Taiwan's population).

But trade prospects are somewhat clouded by the restraints Taiwan faces in the markets of Europe and the U.S. (with which it maintains a large surplus) and by the fear of further protectionist moves.

Taiwan has thus built up exports to south east Asia and the Middle East. It is slowly making inroads into the Japanese market (where a surplus exists in Japan's favour nearly as large as Taiwan's own surplus with the U.S.).



Chiang Ching-kuo, President of Taiwan

(but ironically pro-Taiwanese) U.S. Senator.

(Phillips, being the largest) but they account for much less of the total than those of either Japan or the U.S.

When the new organisation finally did open in mid-April, a backlog of visa applications and official paper work was waiting, but the transitional phase is now almost over.

The consequences of the winding up of the U.S. military presence on Taiwan are harder to assess. U.S. military personnel left the island at the end of April. Before they did so, their numbers had been reduced from a peak 10,000 (at the height of the Vietnam war) to about 700 (on the eve of the normalisation broadcast).

The AIT, with its non-committal name and non-governmental status, suggests a parallel with the Japanese representative office in Taipei, also named by "former" diplomats and trade officials.

The difference is that the U.S. arrangement has been formalised by Act of Congress, whereas Japan's "private"

In the view of U.S. military, the pull-out means the loss of a potentially important Far East strategic base. Taiwan's military

## Arafat vows to step up guerrilla war on Israel

BY IHSAN HIJAZI IN BEIRUT

AS ISRAELI aircraft struck for the third consecutive day, Mr. Yasser Arafat, chairman of the Palestine Liberation Organisation (PLO), vowed to step up the guerrilla war against Israel.

The Lebanese Government is reported to be gravely concerned about the Israeli attacks. It is feared that Israel may be trying to provoke a reaction which would lay the ground for a pre-emptive strike against Palestinian guerrillas and the Syrian forces who control most of the country.

Addressing a "graduation ceremony" in a Beirut suburb for 50 newly trained guerrillas, Mr. Arafat said: "While these aircraft are in the sky, I challenge them with you—our fighters, our martyrs."

"They think Lebanon is a weak point, but who dares threaten a fadai who carries his own coffin into battle."

Mr. Arafat was responding to Monday's pledge by Mr. Menahem Begin, Israel's Prime Minister, to continue air, naval and artillery bombardment to destroy "Palestinian murderers."

In Mr. Arafat's lengthy speech he described the U.S. as the head of a snake which was conspiring against peace in the Middle East. Talking of U.S. plans to train a task force of marines to defend the oil fields, the PLO leader asserted: "Let them know we will burn the oil fields before they occupy them."

[In Tel Aviv, a military spokesman said that Israeli aircraft had attacked "terrorist concentrations" south of the Zaharani River, which flows across southern Lebanon between Tyre and Sidon.]

They also struck a guerrilla base farther to the east on Monday, and bombed a Palestinian camp on the coast near Tripoli on Sunday.

Also on Monday Lebanon rejected the offer of negotiations made by Mr. Begin, and the Palestinians scoffed at his threats against them. Mr. Begin had made a speech in the Knesset in which he invited President Elias Sarkis of Lebanon to visit Jerusalem to sign a peace treaty, threatened a continuing war against the Palestinian guerrillas and called on Syrian troops to leave Lebanon forthwith.

Mr. Sarkis is expected to make a public reply to Mr. Begin tomorrow, when he addresses the weekly Cabinet session. The President is expected to reiterate Lebanon's adherence to the resolutions of Arab Ministers in Baghdad in March, when they rejected the Egyptian-Israeli peace treaty

and imposed political and economic sanctions on President Sadat's regime. Lebanon has joined 17 other Arab states in breaking diplomatic relations with Cairo.

Dr. Selim Al-Hoss, the Prime Minister, said last night that Lebanon will not be intimidated into breaking away from the rest of the Arab nations. He described Mr. Begin's offer and frequent Israeli air attacks against Lebanese territory as the "ugliest form of blackmail."

Reuter adds from the UN: The UN Security Council will begin private talks tomorrow on a call by Lebanese Ambassador to the UN, Mr. Ghassan Tuani, to give UN forces in the area more power after Israeli attacks across the border.

## Cairo loan in difficulty

BY ROGER MATTHEWS IN CAIRO

EGYPT MAY be forced to revise arrangements for raising \$300m on the Eurocurrency capital market because of Arab hostility to its treaty with Israel.

At least one, and perhaps more, of the four Arab banks arranging the loans are under-considering withdrawal. A senior Egyptian banker said yesterday that he hoped leading Western banks, which had expressed interest, would still be available.

The loans of \$200m for general development and \$100m to help finance the purchase of civil aircraft for Egypt are to be managed by Arab International Bank, Union des Banques Arabes et Francaises, Arab African International Bank and European Arab Bank under the guarantee of the Egyptian Government.

Officials continue to insist that the decision by 17 Arab coun-

tries to break relations with Egypt has had no economic effect. Mr. Mustapha Khalil, the Prime Minister, told U.S. businessmen yesterday that the peace treaty should help to encourage development.

Reuter reports from Morocco: The tenth conference of Islamic Foreign Ministers began in Fez yesterday amid charges from Egypt that it had been wrongfully excluded. The Middle East situation following the Egyptian-Israeli treaty is expected to be the main topic under discussion.

Conference officials said a special envoy was sent to Cairo at the weekend to say that a motion calling for Egypt's suspension would be presented to the five-day meeting.

The Foreign Ministry in Cairo said Egypt had been told by Morocco that the aircraft carrying its delegation would not be allowed to land.

## Go-ahead for new Namibia assembly

BY QUENTIN PEEL IN CAPE TOWN

SOUTH AFRICA took another step towards international confrontation over the future of Namibia (South-West Africa) yesterday, by giving the go-ahead for a national assembly to be set up in the territory.

Mr. P.K. Botha, Foreign Minister, also delivered a fat rejection of the latest UN proposals for a ceasefire and internationally-recognised elections in the territory.

The South African response is certain to trigger another round of sanctions demands from African States at the UN, and may present Britain's new Government with the dilemma of whether or not to use its veto in the Security Council.

The move falls short of setting up a fully-fledged executive government inside the territory—the national assembly would simply have legislative authority.

But it will undoubtedly be seen in Africa as a second important step towards an eventual "internal solution" after last December's South African-sponsored elections.

Mr. Botha insisted that the creation of a national assembly was not a move to independence for the territory, but was a response to the impatience of "the people of South-West Africa... demanding a greater say in their local affairs."

He also promised to review the question of independence from time to time. The assembly will consist of the 50 members of the Constituent Assembly, with another 15 members nominated to accommodate any other political parties which may want to join. So far, no other parties have agreed.

The assembly's primary aim will be to repeal apartheid legislation in the territory, hitherto blocked by the all-white legislative assembly.

South Africa has consistently rejected two key elements in the last set of UN proposals for a ceasefire: the establishment of guerrilla "locations" for members of the South West Africa People's Organisation (SWAPO) inside Namibia, and the lack of any provision for monitoring SWAPO bases outside the territory.

South Africa maintains these were deviations from the original Security Council Resolution 435 proposing UN-supervised elections in the territory — to which Mr. Botha still agrees, in principle.

Mr. Andrew Young, U.S. Ambassador to the UN, said in Canberra that he believed a ceasefire might be negotiated in Rhodesia before the Commonwealth heads of Government met in Lusaka in August.

## Witteveen funds go to Sudan

By Jurek Marin, U.S. Editor, in Washington

SUDAN is to borrow 200m Special Drawing Rights (\$254m) from the International Monetary Fund (IMF) over the next three years.

The Sudanese loan, completed after protracted and sometimes bitter negotiations in recent months, will be financed in part from the new Witteveen supplementary facility. This is the first use of this fund named after Dr. Johannes Witteveen, the IMF's former managing director, and finally set up earlier this year. In return for the loan, Sudan will have to abide by economic conditions agreed with the IMF.

These are broadly divided into three categories:

- Domestic credit expansion, particularly in the public sector, is to be held down to a level consistent with the restoration of domestic financial balance.
- Agriculture is to be revitalised, with special emphasis on producing export crops.
- The existing development programme is to continue, and will be financed increasingly by higher levels of domestic savings and capital inflows.

Alan Darby adds from Khartoum:

Sudan has reached agreement with Libya on the repatriation of 350 Sudanese Ansar rebels, who attempted a coup in July, 1976.

The repatriation of the Ansars, supporters of the Sudanese opposition leader Sadiq el-Mahdi, was a key issue between Sudan and Libya.

The repatriation agreement followed talks in Tripoli with the Libyan Government.

Although Sudan did not attend the recent Baghdad meeting at which the Arab states agreed to impose sanctions on Egypt after it signed the peace treaty with Israel, President Nimir has moderated his support for President Sadat.

## Iran executions may lead to Bazargan's resignation

BY ANDREW WHITLEY IN TEHRAN

HARDLINE Mullahs sitting in Islamic revolutionary courts in Tehran yesterday ordered the execution of 21 former members of the Shah's regime, the largest group to be sentenced to death since the start of the trials in February.

The executions are a severe blow for Dr. Mehdi Bazargan, the Prime Minister, who had appealed for national reconciliation and who is reported again to be on the verge of resignation. A fresh onslaught on intolerance for the clergy now in effective power came yesterday in an open letter to the Prime Minister from Mr. Ahmad Banihmad, who was the leading opposition politician in the Shah's Parliament.

Mr. Banihmad said the present course of events was maintaining the people's feelings of revenge. He accused the Mullahs of distorting the nature of the revolution, ignoring the contribution to its success made by people such as himself, academics and the underground guerrilla groups.

Among those sent before a firing squad at dawn yesterday were the last speaker of the Majlis, the lower House of Parliament, Mr. Javad Sa'idi, and two former Ministers of Information, Mr. Gholam Reza Kianpour and Dr. Mohammad Reza Ameli-Tehrani. Most of the others had been members of the counter insurgency unit in Savak, the Shah's secret police. Their deaths brought the total of political executions so far to 190.

The state radio gave no reasons for the large numbers involved, but it is thought that this was the clergy's reply to the assassination last week of Ayatollah Khomeini, the head of one of the secret courts.

For the first time, one of the charges was insulting Ayatollah Khomeini—a warning to all those who have made disparaging remarks about the 78-year-old religious leader. The other items on the charge sheet were the familiar ones of "war against God and his representatives, corruption on earth, torture and participation in the killing of innocent people."

At least a dozen former Cabinet members and generals remain in jail, along with thousands of minor officials, police and soldiers. On present form, many of them face the death sentence.

Meanwhile a Bill has been passed to lower the legal age of marriage to 13 for girls. Under the Shah's programme of secular reforms, the age limit had been progressively raised. Islam traditionally sees a low age limit as a way of controlling adolescent sexual experimentation.

The new proposals, which only need to be approved by the clergy-dominated Islamic Revolutionary Council to become law, state that the minimum age limit should be reduced from 20 to 15 for men, and from 18 to 15 for women. However, clerical courts have discretionary authority to approve marriage at 15 and 13 respectively, provided that the couple are deemed physically mature.

Iran executions may lead to Bazargan's resignation

Iran executions may lead to Bazargan's resignation

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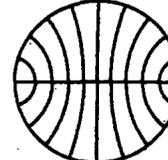
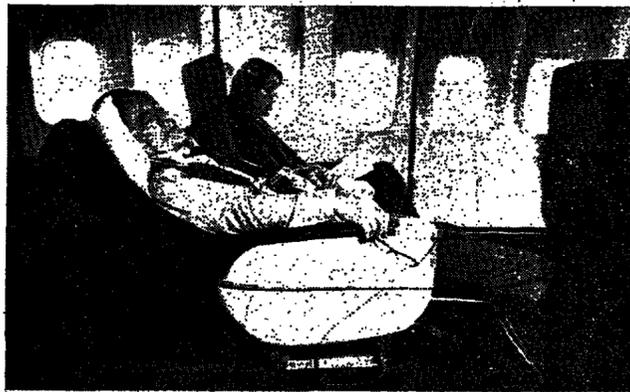
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# EEC fields Third World criticism at UNCTAD

BY PHILIP BOWRING IN MANILA

THE EUROPEAN Community has stoutly defended its record on trade liberalisation and has hit back at attempts being made by many developing countries to make trade and protectionism the main issue at the UNCTAD conference, which opened here yesterday.

Speaking on behalf of the EEC Council of Ministers, Economics Minister Rene Monory of France, warned that the pessimism of many developing countries on the trade question "entails great risks". He said that this pessimism underestimated the efforts made to arrive at special treatment for developing countries.

M. Monory's defence of the EEC position is unlikely to make the trade issue go away. It was first highlighted at Monday's opening ceremony by UN Secretary-General Kurt Waldheim.

And today the Secretary-General of UNCTAD, Mr. Gamani Corea, said that protectionism was one of the key issues of UNCTAD. He said that is threatened to "frustrate the restructuring of the international division of labour".

Mr. Wilbert Chagula, the Tanzanian delegate, representing the group of 77 developing countries, said the new international economic order

"remains a pious hope and a mirage for the third world."

He described the international economic situation as "chaotic" and claimed that the plight of the inhabitants of the vast majority of developing countries has continued to deteriorate.

Mr. Corea acknowledged the progress on commodities, debt relief, and codes on the conduct of transfer of technology and control of restrictive business practices.

But he said there was still a mood of impatience among developing countries.

He urged the conference to reach a commitment to "contain and reverse" what he claimed was the protectionist trend among developed countries.

The conference should also pronounce itself on the "gross inadequacy" of existing facilities to accommodate the balance of payments deficits of developing countries, he said, singling out the possibility of a medium-term balance of payments facility.

However many delegates from developed countries have indicated they would like to keep serious negotiation of most of the specific issues out of UNCTAD, leaving them to

specialised forums like the DMF and GATT.

For the developing countries, the need is to negotiate some sufficiently precise guidelines and objectives to be carried to the more specialised bodies, otherwise they may find themselves in a month's time having made progress on one or two narrow fronts like the technology code, but with only a clutch of vague and windy pledges on the major issues.

● France has cancelled a total of \$650m (£320m) in debts owed to it by ten countries—Bangladesh, Benin, Burundi, Comoros, Central African Empire, Guinea, Copper Volta, Mali, Niger, and Chad—M. Rene Monory, France's Economy Minister, has told the UNCTAD conference.

He was speaking to the 159-nation conference on the problems which heavy debts posed to the development of poorer countries. He opposed creating institutions to such debts, including proposals to set up an international debt commission.

France's cancellation of the debts was an acknowledgment of the problems they posed for the poorest countries while they worked to get development plans under way.

# W. German anti-trust stops Fiat venture

By Kenneth Gooding in Turin

THE WEST GERMAN Cartel Office has effectively killed a proposed co-operation agreement between Fiat of Italy and Daimler-Benz of West Germany for the manufacture of a new heavy automatic gear-box for urban buses, it emerged at the weekend opening of the Turin Commercial Vehicle Show.

Sig. Jacques Vandamme, who will shortly become chairman of IVECO, Fiat's truck and bus subsidiary, said here: "The deal is dead. It was brought to a halt by the anti-trust attitude of the West German authorities."

Although he would not comment further, it was clear that Fiat was disappointed over the proposed agreement, because the group has insisted on the need to create "European dimensions" in the automotive components industry, to meet competition from the U.S. and Japan in particular.

This is not the first time that the Cartel Office has blocked cross-frontier agreements. A year ago the West German Supreme Court upheld the Cartel Office's veto on the proposed takeover of the Sachs clutch manufacturing group by Guest Keen and Nettlefold, Britain's biggest engineering company.

# SIGMA DEAL COLLAPSE

# BL looks again at S. African options

BY QUENTIN PEEL IN JOHANNESBURG

THE FAILURE of the proposed R100m (£38.8m) deal between the Sigma Motor Corporation of South Africa and Leyland South Africa follows a long period in which the BL subsidiary has looked ripe for a merger.

Its production volumes both for passenger cars and light commercial vehicles are languishing near the bottom of the industrial league, unlikely to prove any sound base for a healthy operation.

only trucks and buses, and its special products, have proved consistently profitable, with Leyland taking a significant share of the market.

In an industry suffering from overcapacity, with as many as 12 manufacturers competing for a passenger car market of around 200,000 vehicles a year, Leyland was a prime candidate for rationalisation.

The collapse of the deal between Leyland and the Sigma, the motor manufacturing arm of the Anglo American mining and industrial empire, has therefore come as all the more of a surprise.

Sigma, in which Chrysler has a 25 per cent interest, and which already produces Mazda, Mitsubishi, Peugeot and Citroen vehicles as well, was to produce the new Rover, fitting nicely into the top end of its passenger car range, while Sigma-Leyland, with assets of some R100m (£38.8m), would have combined the commercial

vehicle interests of both groups. Thus the scheme would have naturally run down Leyland's loss-making passenger car business, reduced the group's profile in a politically-sensitive area, and concentrated on the money-making commercial vehicle operations, while pooling re-

matters of detail to be resolved. "I was quite convinced we had reached agreement on all the major points," Mr. Chris Griffith, the Sigma Chairman, said.

Ironically, the final point of detail to be resolved was on the production and marketing of

the market. Sigma also believed the price should be cut by as much as R1,000.

These were the proposals with which Mr. David Andrews, BL's executive vice-president, flew back to London last week. In the event he returned with orders to scrap the entire merger.

Certainly BL is now left with a difficult job of picking up the pieces. Instead of reducing its passenger car range to the Rover alone, it will now keep the Mini going, and the Jaguar, which is assembled in South Africa.

But it has no middle-range cars since the disastrous Marina was scrapped, and instead offers the Land Rover, always in demand, with the popular Range Rover to be introduced by the end of the year.

Just what went wrong is likely to be a continuing matter for dispute in the acrimonious aftermath of the collapse. Although neither side will spell it out, there is more than a hint that personalities on both sides just did not get on across the negotiating table.

In London, BL refused to be drawn into a public squabble and would only comment: "The profit forecasts for the joint company deteriorated to the extent that it did not make sense for either side to go ahead."

BL insisted it would continue to trade in South Africa and said "we are reviewing our manufacturing and distribution operations there."

The failure of BL's proposed venture in South Africa has left many loose ends and an uneasy atmosphere. Now the company's interests there will have to be closely examined before a new strategy is adopted.

# ASEAN wins right to participate in APEX fares

BY WONG SULONG IN KUALA LUMPUR

THE AIRLINES of the five member countries of the Association of South-east Asian Nations (ASEAN) will now be allowed to participate in the new low, advance purchase excursion (APEX) fares being operated from Australia to Britain.

The deal came about as a result of six days of complicated talks involving government officials of Australia, Thailand, The Philippines, Indonesia, Singapore and Malaysia.

It means that Garuda Airlines of Indonesia, Singapore Airlines, Thai International Malaysian Airline System and Philippines Airlines will now be able to board 350 passengers each per week in Australia destined for Britain under the APEX scheme.

Previously, only Qantas and British Airways were allowed to do so under Australian aviation policy.

The ASEAN airlines operate their own services between the two countries, with en route stopovers in their own countries, but saw the Australian policy as a threat to inter-connecting services.

The ASEAN airlines, led by Singapore Airlines, had also sought a major concession on the actual charge for en route stopovers. Singapore had bid for a stopover charge of A\$30 (£17) per passenger from the current A\$220, but Australia agreed only to reduce the charge to A\$150.

In spite of the concessions, many observers saw the negotiations as a victory for Australia, coming as they did on the eve of the UNCTAD talks in Manila.

Had the talks produced no results, the ASEAN countries would have been expected to try to mobilise Third World opinion against Australia's aviation and trade policies.

While Singapore described the Australian concessions as marginal, Malaysia said it was satisfied with the results.

# Air Canada TriStar deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR CANADA is to buy another six Rolls-Royce powered Lockheed TriStar airliners, worth about £125m, and has taken options on a further nine aircraft.

This will bring total firm orders for the TriStar to 204 aircraft, and the number of options to 80, a total of 284 aircraft.

All of the additional aircraft for Air Canada (which already has a fleet of 10 TriStars) will be of the Series 500 long-range version, using the Rolls-Royce RB-211 Dash 524 engines.

Delivery of the new aircraft will be made in 1981, with those on option (if converted to firm orders) likely to be delivered between 1983 and 1985.

The TriStar order is the first in what is expected to be a series of decisions by Air Canada on fleet re-equipment

for the 1980s and beyond. A new short-to-medium range aircraft is also under study by the airline, with interest centred on the new Boeing 767 and 757 jet airliners.

● United Air Lines of the U.S. yesterday converted options on five McDonnell Douglas DC-10 tri-jet airliners into firm orders, worth \$195m (about £94m). Delivery will be in 1981 and 1982.

The new order brings to 47 the number of DC-10s in the United fleet. The airline has options on a further five DC-10s.

● The West German Government has awarded to Hughes Aircraft of California a contract worth more than \$150m (£75m), for the design and installation of a new computerised air defence system called GEADCE (Germany Air Defence Ground Environment).

# German shipyards face new crisis

BY ADRIAN DICKS IN BONN

WEST GERMAN shipyards are likely to deliver not more than 400,000 GRT this year, worth about DM 2.5bn (£642m) compared with deliveries in 1978 of 912,639 GRT worth DM 3.6bn. The industry's federation has announced here.

During the first quarter, new orders for some 124,000 GRT worth DM 600m were booked. Yet at the beginning of April, this gave the industry a total order book of only 499,000 GRT worth DM 2.9bn.

Despite the contractions in

the industry which have already taken place over the past few years, the Shipbuilders' Federation warns that there is simply not enough work to keep all yards going. In March some 12,000 out of a total work force of around 58,000 were already working short time.

In addition to the bleak future it sees for the shipyards themselves, the report warns that as many as 35,000 out of 80,000 in supplier industries could be at risk as a result of the shipbuilding crisis.

# Dutch export aid fund may become permanent

BY CHARLES BATCHELOR IN AMSTERDAM

THE MATCHING fund set up to help Dutch exporters meet unfair competition from abroad may become a more permanent feature than was at first thought, according to a major export financing bank.

There has been a sharp increase in interest in the fund, in the three years it has been in operation, the Export-Financiering-MIJ said in its annual report.

The call on the fund's FI 100m (£38m) resources is likely to increase further because foreign customers are making more use of the international agreement, which has set minimum rates of interest generally below commercial

rates. More loan agreements are being reached with foreign countries which take into account the consensus on minimum rates of interest.

In 1978 the fund provided FI 32m which was used to gain 14 contracts worth FI 1.14bn. This compared with FI 10m granted on nine contracts worth FI 538m in 1977. The fund provides financing help for orders won outside the EEC and which contribute to employment in Holland.

The bank called for the combined use of the matching fund and the export financing arrangement, a facility administered by the Central Bank for granting cheap loans.

# Time is running out for oil.

We all know that the world's reserves are finite, and steadily draining away. But there's no cause to assume that the final whistle will blow at 4.40 one Saturday afternoon, come what may. It's still possible to play for time.

Running a national energy policy is like football management: as much an art as a science. The run of play is only partly within your control, and luck can be a decisive factor.

But to an oil company, as one commentator among many, there are a couple of points which seem clear.

Firstly, the critical time for decisions has already arrived. We mustn't let North Sea oil and gas delude us into ignoring the energy problem until it's too late to find

proper solutions. The North Sea break won't last for ever. Given suitable incentives, UK production will meet a major part of Britain's oil needs until the end of the century. But that's not so long longer than it seems to take to build a power station from scratch, especially a nuclear one.

Secondly, there's no better chance than having as many fit substitutes on the squad as possible. At the moment, we're asking oil to do too much; and that's the way to exhaust it.

In an uncertain world, we need all the energy options we can get.

It makes little sense to rely so heavily on oil for generating electricity and heating buildings: jobs which could be done by less precious fuels. So we need to build up coal

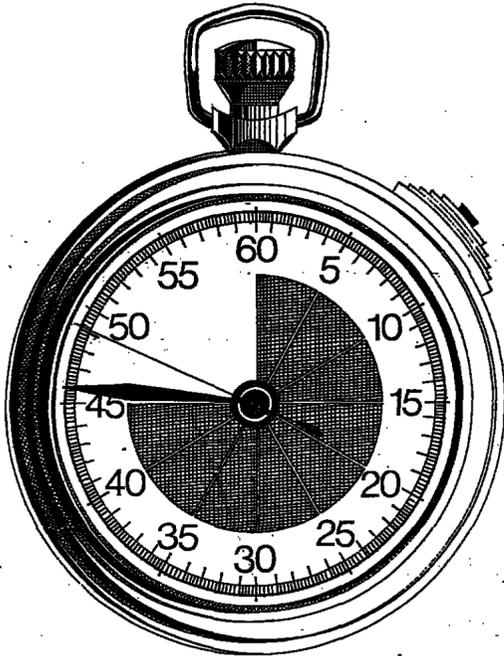
to full strength; to resolve, if we can, the problems which make nuclear energy unpopular on the terraces; and to groom the exotics, like solar energy and wave power.

The sooner we can get those substitutes into play, the longer we can count on oil for its unique qualities: as a transport fuel and lubricant, for example.

Mobil is building new plant in Britain to refine crude oil more flexibly; producing more transport fuel and less of the 'substitutable' fuel oils as demand patterns change.

Other oil companies are doing much the same. So the oil industry is ready for a substitute strategy.

We can't stop the clock; but we can still put off the final whistle.



## Extra time.

# Mobil

# Spring boost for retail sales

BY DAVID FREUD

RETAIL sales appear to be picking up vigorously after the slow-down over the winter. A cross-section of non-food shops report buoyant trading for the past eight weeks or so, while forecasts for the rest of the year have been upgraded. It is still too early to establish to what extent the recovery represents renewed consumer confidence or an increase in the low level of sales in January and February, when demand was dampened by bad weather and industrial disputes. The last figures available—covering March—show that sales have returned to about the level of last autumn. The revised index for the volume of retail sales, released yesterday by the Department of Trade, was 110.8 (1971=100). This was close to the provisional estimate of 110.5 and compares with 110.4 for February and 109.6 for January. Overall, sales in the first quarter were 1.3 per cent lower than in the previous three months. However, they were 3.7 per cent higher than in the same period of 1978. The recovery seems to date from about the end of March. Figures released by the John Lewis Partnership show that after a poor start to the year turnover in the 13 weeks to April 28 was 18.3 per cent higher than the same period

last year. This implies a substantial volume gain. British Home Stores reported yesterday that sales were now "very buoyant" and "above expectations," while Mr. Philip Harris, chairman of Harris Carpets, which includes the Queensway furniture retailers, also reported a strong recovery in sales. He said: "The first five weeks of the year were poor, but after that sales have been pretty buoyant. In the last eight to 10 weeks turnover was more than 20 per cent above the level of a year before." Marks and Spencer said that while Easter made comparisons difficult, there was significant growth in sales in three of the four weeks in April. The Retail Consortium, which represents a wide range of store groups, said there were already indications that people were buying ahead of possible increases in VAT rates, as suggested by the Conservative election campaign. The consortium, which had been forecasting an annual increase in the volume of sales of between 2 and 3 per cent in 1979, now believes the figure could be nearer 5 per cent. The pick-up was likely to be reinforced by the return of a Conservative government as there could, according to the consortium, be some easing of pay restraint and a correspond-

## HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit-extended by		Total debt outstanding (unadjusted)	Retail volume (revised)	
	Finance Houses	Retailers		Total	Durable goods shops
	£m	£m	£m	(1970=100)	
1977 1st	—	—	—	103.3	115
2nd	596	507	4,205	102.4	118
3rd	457	546	4,482	104.2	121
4th	736	542	4,791	104.7	122
1978 1st	809	565	5,053	106.4	124
2nd	901	605	5,496	107.9	129
3rd	895	647	5,810	110.7	134
4th	958	618	6,211	111.7	134
1979 1st	934	652	6,427	110.3	131
1978					
October	306	202	5,969	110.2	132
November	344	217	6,140	110.5	132
December	308	199	6,211	113.8	137
1979					
January	300	225	6,236	109.5	127
February	311	220	6,316	110.4	127
March	323	207	6,427	110.8	129

Source: Department of Trade

ing increase in earnings. This could push up sales in the second and third quarters, before higher inflation began to have an impact towards the end of the year. A break-down of the figures shows sales of durable goods in January-March were 2 per cent below the previous quarter, as were sales from other non-food shops. There was a 0.5 per cent rise in food sales, but clothing and footwear sales were 3 per cent down.

# Vance coming for talks

BY OUR FOREIGN STAFF

MR. CYRUS VANCE, the U.S. Secretary of State, is to visit Britain on May 20 and 21 in an attempt to ensure harmony between the foreign policies of Washington and the new Conservative Government. The Foreign Office says that the talks between Mr. Vance and Lord Carrington, the Foreign Secretary, will be a general review of world problems. The talks will be without any formal agenda and, by stressing that they will deal with such matters as SALT and the comprehensive test ban negotiations—the only talks between the U.S. and USSR where Britain sits with the super-powers—the Foreign Office is to some extent "de-emphasising" its Africa, Rhodesia and Namibia agenda. Mr. Vance is bound to be among the main subjects discussed, London and Washington are both concerned at balancing the mounting calls in their countries to end the confrontation with the white regimes in South Africa. In Britain the pressure is from the supporters of the new Government but in the U.S. it is mainly from opponents of the Carter administration. Mr. Vance has been seeking to ward off attempts by the anti-sanctions lobby in the U.S. Congress to force the lifting of the U.S. trade embargo on Rhodesia until after seeing Lord Carrington and until after President Carter makes his own decision on sanctions. Mr. Vance has said this decision will be not later than June 15. The U.S. Administration, while officially non-committal on sanctions on Rhodesia, may already be shifting its attitude slightly closer to that of the Conservatives.

# Coal Board amplifies plans for major pits

BY JOHN LLOYD

THE National Coal Board yesterday gave details of big mining developments which are being prospected and which would extend and increase its production into the 1980s and 1990s. The developments, at least two of which have received little more than local publicity, were disclosed on the first day of preliminary hearings into the NCB's application to mine in the Vale of Belvoir, north-east Leicestershire. The board hopes to open there the UK's second "superpit" (after Selby, North Yorkshire), producing 7m tonnes of coal a year by the late 1980s. The two previously almost unannounced fields are in North Yorkshire and South Warwickshire. One is an extension to the North Yorkshire field, south of Kallingsley colliery, where the board says "earliest results are encouraging" and where some 60m tonnes of workable coal have been proved. Development of the reserves could begin by 1986. The second field, near Coventry, is an extension of reserves which are being worked at the Daw Mill colliery. A feasibility team has been set up to determine the scope of possible working, which also might begin by 1986. Other fields mentioned for the future were Selby itself, the Vale of Belvoir, and the proposed coking coal pit at Margam, South Wales, all of which are well known. Asked about the development of the Oxfordshire coalfield, about which there has been speculation, Lord Carrington, who represents the NCB at the Belvoir inquiry, said: "We have not even begun discussions with the local authority; information would be minimal." Earlier, the inquiry, with Mr. Michael Mann, QC in the chair, heard complaints from residents and groups in the area that the information they had received had indeed been minimal or, in some cases, not forthcoming. Particular concern was expressed over the siting of the rail links and accusations were made that the NCB and British Rail had supplied inadequate evidence. Mr. Mann opened the inquiry by detailing issues on which the inquiry proper, which will begin in October, should concentrate. These included consideration of national energy requirements; the need for coal from Belvoir; alternative fields; comparative costs and benefits; subsidence; transport; the effect on agriculture; employment; and large-scale population changes. None of the various anti-development groups—which included Leicestershire and Nottinghamshire county councils, Melton borough council, and the grouping known as "the Alliance," which takes in various parish councils and local environmental bodies, with the National Farmers' Union—objected greatly to the proposed structure of the inquiry. However, it was clear that the anti-development forces were well prepared and ready to make a protracted fight of it, both on the issues of the general need for coal, and on specific local matters. Most of the groups' requests for large amounts of detailed information, some of which concern national policy, will be difficult or embarrassing to supply. The preliminary hearings are expected to last throughout today. Submissions made during the hearings are likely to be incorporated in the schedule for the full-scale inquiry later.

## Abbey National reorganises

By Michael Cassell

THE Abbey National—Britain's second largest building society—yesterday announced details of a major management reorganisation. The move follows the recent retirement of Mr. Tim Timberlake, the society's chief general manager and one of the best-known building society figures. Mr. Clive Thornton, the new chief general manager, who is quickly becoming known for his progressive views on the future of societies, said yesterday that the reorganisation reflected the changing role of the Abbey. Five general managerships have been established—Mr. John Bayliss heads the field operations and development division, Mr. John Fry takes over marketing and planning, Mr. L. Lewis, finance, Mr. G. McKenzie, establishment, and Mr. A. R. Rendel is in charge of the housing division.

## Methven hails Tory win—but 'hard going' ahead

BY MAURICE SAMUELSON

SIR JOHN METHVEN, director-general of the Confederation of British Industry, last night hailed Mrs. Margaret Thatcher's election victory as a boost for the economy, while at the same time warning against premature euphoria. He told businessmen in London he was "delighted" to have a Premier and Government who were "truly and publicly committed" to creating the climate in which business in the UK could again thrive and prosper. However, the coming months would be "hard going." Inflation could be back in double figures, growth was slowing and, until both trends were reversed, unemployment was likely to rise. Company profitability was still depressed and the world trade outlook had worsened

reforming pay bargaining, because of the price of oil. The Government should forge ahead to long-term success by cutting personal taxation, cutting waste and inefficiency in Government spending, and making sure that industry was not circumscribed by new and ever-changing laws and rules. On industrial relations, he called for a determined but calm effort to get the balance of power right between employers and organised labour. Everybody wanted to avoid a major upheaval in legislation in this field, but some changes were necessary, after proper consultation. "There has to be consultation, because, no normal, reasonable person wants confrontation—and there is no need for it."

## Lynch visit to Thatcher

By Stewart Dalby in Dublin

MR. JACK LYNCH, the Irish Prime Minister, will pay a brief courtesy call tomorrow on Mrs. Margaret Thatcher. Mr. Lynch and his Ministers have made it clear for some months that when a new British Government was chosen they wanted to be among the first callers on the new Prime Minister, to urge a fresh policy on Ulster. The Irish Premier is on a long-planned private visit to England, and Government officials in Dublin have refused to say whether this meeting will be the long-awaited opportunity Mr. Lynch has wanted to press the British Government to make a new initiative on Northern Ireland. It seems that Mr. Lynch will seek a further, more business-like, meeting with Mrs. Thatcher.

# British Aerospace £4m rise in trading profits

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, the nationalised aircraft manufacturing group, earned a trading profit of £79m in 1978, slightly above the previous year's £75m. Lord Beswick, chairman, reporting this result yesterday, said it represented a return of 26 per cent on average assets employed. The net profit after tax was £29m, the same as in 1977. Sales were up by £30m to £894m, of which £487m were export sales. "We have put together a sensible organisation, and one with a hopeful future," Lord Beswick said. "We now have a broad base right across the aerospace spectrum, and are moving towards a better balance between military and civil projects." The group intends over the next five years to generate from its own resources about half of the substantial investment required to finance newly started projects. Lord Beswick made no comments about the Conservative policies towards the aerospace industry. These policies have yet to be announced officially, but during Opposition, the Conservatives have indicated the possibility of offering a minority of the shares in British Aerospace to the private investor. The top management of British Aerospace would prefer that the organisation is now left alone to get on with the task of building aircraft. But if there has to be any changes in its structure, the top management would prefer a minority shares offer to any dismemberment of the organisation, which it feels would be disastrous both to morale and of future profitability. Lord Beswick stressed yesterday that BA had made a number of major decisions on new programmes in the past year "and we have made all of them with the future in mind," he said. The Labour Government had allowed the group to make those decisions by itself. "They could have stopped us doing things, but they did not attempt to tell us what we should do. They accepted our judgment, and I would suggest that our record shows it has been very sound," said Lord Beswick. Nevertheless, those decisions, and the projects stemming from them, would be subject to reviews by the Government, as the sole current shareholder in British Aerospace. Lord Beswick made it clear yesterday that he is still concerned over the decision by British Airways to buy the U.S. Boeing 757 short-haul jet airliner, with Rolls-Royce engines, instead of the European Airbus. In the annual report Lord Beswick comments: "There is one aspect of the year's commercial aircraft decisions which is less than satisfactory. It is difficult to see that it can be to Britain's long term interest if the publicly owned airline and flag carrier is too heavily dependent upon the American manufacturing industry. "Judging from all the past experience, which has included some mistakes, I believe that if we are to develop all our national air transport and aerospace resources to the full, it would be sensible in the future for a much more constructive discussion to take place between the UK air transport, aero-engine and aircraft manufacturing interests in the public sector than has been evident in the year under review." The group is also to hold detailed discussions with the Iranian Government soon on the termination of that country's big Rapier missile contract with the U.K., following the revolution under the Ayatollah Khomeini. Further discussions are also to be held soon in Paris between British Aerospace and the other members of the European Airbus Industrie organisation, on another new type of civil aircraft for the future in the 130-160 seat, short-to-medium range category. State share sale likely, Page 10

## Jay resigns as envoy to U.S.

BY JUREK MARTIN

MR. PETER JAY, the British Ambassador to the U.S., has submitted his resignation to the British Government, the Embassy in Washington announced yesterday. Mr. Ivor Richard, Ambassador to the United Nations, is the only other current political appointment in the British Diplomatic Service, has done likewise. Both offered to resign last Friday, as soon as it became clear that Mrs. Thatcher's Conservative Party had won the election. They have offered to stay until replacements are found. It may take several weeks, especially in Mr. Jay's case, for the Government to find a successor. A faint possibility remains that Mrs. Thatcher might ask Mr. Jay to stay longer. However, Mr. Jay, Mr. Callaghan's son-in-law, would clearly prefer to leave Washington and return to private life, probably, in the first instance, to write an economic book. His appointment two years ago in succession to Sir Peter Ramsbotham, now Governor of Bermuda, caused a political uproar, partly because of the suggestion of nepotism and partly because of denigratory comments by Mr. Callaghan's associates about Sir Peter's abilities. Since the storm died down, however, Mr. Jay has sought, with some success, to build on the good Anglo-American relations stemming from the close personal ties between President Carter and Mr. Callaghan. Mr. Jay has, sometimes controversially, also managed some streamlining of the large staffs at the Embassy and in the New York consular and information offices. He has, however, found himself unable to do much about the size of the British military representation in Washington. Mr. Jay has established a good working connection with senior Administration members, notably Mr. Cyrus Vance, the Secretary of State, and Dr. Zbigniew Brzezinski, National Security Adviser.

## IMPORTANT TRAVEL ANNOUNCEMENT LONDON—EDINBURGH—ABERDEEN TRAIN SERVICES FROM 14 MAY 1979

Whilst the line between Berwick and Dunbar is temporarily closed, because of the rock fall in Penmanshiel Tunnel, a special train service will apply until further notice.

**DAYTIME TRAVEL**  
Passengers travelling on day services between London and Scotland should travel from and to Euston where there are through services in each direction. Journey times from and to King's Cross will be longer.

Mondays to Saturdays		Sundays	
London Euston	dep. 0745 0930 1045 1115 1130 1145 1215 1245 1345 1820 1745	0850 1350 1700 1725	
Edinburgh	arr. 1321* 1506 1604* 1655 — — 1752 1837* 1932* 2145 2325*	1812 2017* 2222 2306*	
Dundee	arr. 1458* 1703* 1753* — — 1857 1857 2020* 2033* 2158* 0002* —	1947 2159* — —	
Aberdeen	arr. 1835* 1838* — — — 2028 2028 2150* 2150* — 0316* —	2118 2325* — —	

Mondays to Saturdays		Sundays	
Aberdeen	dep. — 0600* 0720* 0850 1002* 1240* 1340* — — — —	1200 1300*	
Dundee	dep. 0705* 0727* 0847* 1020 1135* 1407* 1522* — — — —	0910* 1336 1510*	
Edinburgh	dep. 0857* 0952 1052 — — 1352* 1610 1712* — — — —	1210 1534 1655*	
London Euston	arr. 1429 1529 1713 1739 1917 2144 2241 — — — —	2007 2113 2233	

Note: For travellers from stations north of Stevenage on the East Coast route, there will be a service with a bus transfer between Berwick and Dunbar. A limited number of through trains will run to Edinburgh via Newcastle and Carlisle.

**OVERNIGHT TRAVEL**  
Sleeping services will continue to operate between King's Cross, Edinburgh and Aberdeen, although journey times will be extended because of necessary diversion via Newcastle and Carlisle.

Sunday to Friday nights		Saturday nights	
London King's Cross	dep. 2000 2215 2315 2355	2000 2215	
Edinburgh	arr. 0445 — 0752 0814	0445 —	
Dundee	arr. 0700 0715 0940 —	0700 0822	
Aberdeen	arr. 0850 0913 1109 —	0850 1109	

Sunday to Friday nights		Saturday nights	
Aberdeen	dep. 1925 — 2002c 2035 —	2005	
Dundee	dep. 2102 — 2141c 2214 —	2147	
Edinburgh	dep. 2250 2315 — 0020	2215 2330	
London King's Cross	arr. 0713 0743 0727 0843	0758 0840	

**Timetable Notes**  
A Mondays to Fridays.  
B Saturdays only.  
C Depart 5 minutes earlier on Sundays.  
\* Connecting train involving a change of train en route.

Full details of the train service from 14 May are contained in a special leaflet—available shortly from principal stations and travel agents. We are sorry for any inconvenience caused.



# STOCK EXCHANGE ANNUAL REPORT Accounts reflect low turnover

BY CHRISTINE MOIR

THE LOW level of turnover on the Stock Market for much of the year is clearly reflected in the report and accounts of the Stock Exchange for the year to March. The general charge on services, which is based on 2 per cent of members' revenue, brought in only £5.5m last year, compared with £5.6m the previous year. And with the cost of providing the services increasing by 13 per cent, surplus on general services fell to £17,000 from £1.4m. After tax surpluses were also hit by an 11 per cent increase in administration and property costs—salaries rose by around a quarter—and by the £2.8m provision against development costs of Talisman, the new settlement system. As a result net surpluses fell sharply from £4.7m to £1.2m. In the first few months of the current year the Stock Exchange has also been bearing the extra burden of providing a Stamp Duty office during industrial problems at the Inland Revenue. Nevertheless the Stock Exchange Council professes itself satisfied with the surplus, which is better than was expected at the beginning of the year. It repeats its promise to reduce the general charge to 1 1/2 per cent of chargeable revenue in August if Talisman is successful. Mr. Nicholas Goodison, the chairman, reports on a particularly active year in his annual statement. Apart from Talisman, the greatest energy has been spent on the Stock Exchange's case against the Restrictive Practices Court and in preparing a new listing agreement. The first year of traded options has been encouraging. In spite of "one or two depressing days" contracts have averaged 77 a day with a peak of 4,391 at the end of March. Issues still to be resolved include the problem of international dealings where members are pressing for freedom to compete with firms which can act as both broker and principal. The Council warns that "no easy solution has yet been found." Turning to general and political issues Mr. Goodison said he would welcome the Government "taking a leaf out of the French book" and introducing fiscal incentives to investors. He noted that the tax relief proposals for profit-sharing schemes were already meeting an encouraging response. With 10 schemes a week going forward for approval to the Inland Revenue, it was likely that the number of smaller shareholders could increase substantially over the next few years. Member firms should increase their services to such shareholders but the real impetus would come from a "strong pound and a strong economy, so that companies' prospects are improved. At present, as a result of "profligacy," Mr. Goodison said, "our industrial base can no longer support our social aspirations." He warned that the country was in danger of "squandering the windfall of North Sea oil," and so "proving we never deserved to have it."



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- 1. Experience.** We have been handling the total range of Leasing transactions including Industrial Leasing, computers and cars in the U.K. for well over a decade.
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- 3. Strength.** We are a member of the Midland Bank Group which means our financial standing and resources are of a magnitude that allows us to take on virtually any size of leasing arrangement.
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Britain's households decline in size

By Our Consumer Affairs Correspondent

THE SIZE of British households continued to fall in 1977 according to the report of the General Household Survey, published yesterday.

The survey, of 25,000 adults throughout the country, revealed that the average household size fell from 2.91 people in 1971 to 2.71 in 1977.

Since more women than men live beyond the age of 65, elderly women were three times as likely as elderly men to be living alone.

One in four of those who had been unemployed in the previous 13 months was earning less than £40 a week when working.

The most popular forms of recreation in 1977 were home-based or social. Apart from television, watched at least once in the four weeks before being interviewed by some 97 per cent of the sample, listening to the radio and entertaining or visiting friends or relatives were the most popular activities of nine out of 10 of the survey.

Next most popular were listening to records, gardening, going out for a meal or drink, reading books and, among women, needlework or knitting.

Electronics industry 'short on skills'

BY MAX WILKINSON

THE PROGRESS of Britain's successful capital electronics industry is threatened by shortages of skilled manpower, says an industrial strategy report published today.

The report, from the National Economic Development Council sector working party on Radio Communications, Radar and Navigational Aids, says the industry has doubled its balance of payments surplus since the end of 1975 to £273m.

The industry's sales in 1977 were just under £1bn, of which about half were exported. The UK's share of the world's \$7.9bn trade in this sector has increased to just under 10 per cent, with a workforce of about 94,000 people.

Although the industry's record has been successful for the last few years, the working party says: "The main constraint on the ability to expand production and take advantage

of this trend is a critical shortage of manpower with certain skills, most particularly software specialists. These shortages are likely to become worse as time goes on."

The report estimates that the industry is at present short of some 9,100 people—2,700 craftsmen and operators and 6,400 qualified and technical staff. A sample of companies would like to employ a third more computer programmers and analysts and a quarter more technical authors.

Some of the shortages of manpower could be alleviated by increases in automation and the deskilling of routine operations. Government assistance might be needed to encourage computer-aided design equipment to be used.

The working party says that public sector purchasers should have a careful regard for the health of the industry when ordering equipment. In particular, products developed for a UK customer should be designed with a view to a possible export.

The working party also says that the public sector should refrain from importing products for which the UK industry has established or would like to establish a manufacturing capability. The Department of Health and British Aerospace are singled out for this advice.

A survey relating to the productivity of 49 plants covering two-thirds of the sector's employees yielded results which the report says were "not entirely reassuring." The performance of the best UK companies was as good as any in the world, but the rest could benefit from better management techniques.

Building industry still very depressed

By Andrew Taylor

THE RECENT improvement in construction industry demand and output may now be showing signs of spilling over into the higher-depressing public works sector, according to the latest Federation of Civil Engineering Contractors survey.

The federation survey of workloads for the three months to the end of April shows that a considerable proportion of contractors is enjoying a higher level of demand than for some time.

But it warns that improvements are only slight and "there are still firms which are doing no better than they were 12 months ago."

The underlying picture is still of a highly depressed industry and there is no hard evidence to suggest any major uplift in public spending on new construction. "We must hope the Government will increase spending on new building," the federation said.

While workloads had risen, the value of contracts in real terms was lagging behind. Competition for new work remained intense and profit margins were tight. Any increase in the value of contracts had done no more than compensate for inflation.

The survey shows that 41 per cent of companies enlarged their order books during the last six months while 49 per cent said orders were higher than a year ago.

Academy's exhibition charges up

By Antony Thorncroft

THE Royal Academy's Summer Exhibition, which opens on May 19, will cost artists and the public more this year. The price of admission has been increased from 90p to £1 and artists will have to pay 20 per cent commission rather than 15 per cent of the value of any work sold.

The rise is to cover increasing maintenance, running expenses, insurance and security. The Royal Academy also needs more revenue because of the loss on the Gold of El Dorado exhibition, which failed to recoup its £750,000 investment. The Academy was a backer.

The finest collection of French furniture to appear at auction for almost a century comes under the hammer at Monte Carlo next month in a sale organised by Sotheby's.

The collection belongs to a Middle Eastern businessman who acquired it from the Wildenstein family of art dealers in 1977.

CBI urges more British commitment to Europe

BY MAURICE SAMUELSON

AS CAMPAIGNING started yesterday for the first direct elections to the European Parliament, the Confederation of British Industry appealed for deeper British commitment to European integration and for the EEC to regain the momentum of earlier years.

Mr. John Greenborough, CBI president, said the last Government had been "equivocal" towards the EEC. He welcomed the pledge of Lord Carrington, the new Foreign Secretary, to "repair" Britain's links with the rest of the Community.

Mr. Greenborough and other CBI chiefs were speaking at the launching of a CBI leaflet, sent to all candidates for the elections to take place on June 7.

The UK will have 81 seats in the European parliament, of which three will be elected by proportional representation in Northern Ireland. The 78 constituencies in England, Scotland and Wales range in size from just over 300,000 electors to nearly 800,000.

The leaflet and a new CBI handbook reaffirm the belief in the need for a European economic and monetary union, "with a unified market inside a single currency area, where major economic decisions are taken collectively by the Community."

The survey shows that 41 per cent of companies enlarged their order books during the last six months while 49 per cent said orders were higher than a year ago.



MR. JOHN GREENBOROUGH, President of the CBI

advocacy of a real Community."

The CBI says recent economic progress of the EEC has been slow. But Britain's economic dependence on the EEC was shown by the fact that 38 per cent of her exports went to other member States.

To make progress: "non-tariff barriers, a form of 'disguised' protectionism, must be swept away."

laws and taxes where appropriate should be harmonised; the right conditions for Britain to join the European Monetary System must be established; and the EEC budget, which is "out of kilter," must be reorganised, and the Common Agricultural Policy reformed. However, the proposed enlargement of the Community to include Greece, Portugal and Spain, would widen the economic gaps between member States and might result in a two-tier community. "Such a development, unless carefully managed, might seriously check the integration of the EEC."

Sir Donald MacDougall, the CBI's chief economic adviser, said he doubted the feasibility of an early British accession to the EMS until inflation rates between member States began to converge. Instead of widening as at present the CBI hoped for greater action on this both at national and EEC level.

Other officials noted that many of the British candidates have had a "good deal of industrial experience." Three of the Conservative candidates were members of the CBI's European committee.

THE EEC, A Handbook of CBI Policy, 21, Tothill St., London, SW1H 9LP; £3.50

Editorial comment, Page 18

Mining machinery sales show a rise

BY JOHN LLOYD

SALES of mining machinery rose in the first half of last year in both the home and export market after three years of decline, according to a report from the mining machinery sector working party of the National Economic Development Council.

The sector's major objective, set out in the working party's report of December, 1976, was a doubling of the 1975 export figures of £41m. However, in real terms, export trade declined in 1976 and 1977.

The current report comments that while the £100m order for machinery from China received last year "will ensure that performance in 1978 will not be incompatible with the total export growth necessary for the achievement of the export objectives," export sales are still not on a general upward trend.

"The industry reports that export orders are now level and it seems likely that unless there is an unexpected resurgence in the world markets, the achieve-

UK MINING MACHINERY SALES (£1m)

Table with columns for Year, Total sales at constant 1975 prices, Export % of UK sales production, and Exports at 1975 prices. Data for 1975, 1976, 1977, and 1978 (first half 1978).

ment of the export target relies on a number of large contracts being won in the face of strong international competition."

Besides China, the U.S. is identified as a major market opportunity for UK manufacturers, in part because of the doubling of U.S. coal production called for by 1990 (from 550m tonnes to more than 1,000m tonnes) will require longwall mining machinery, in which the UK is the world leader.

Atkins gives justice pledge for N. Ireland

BY OUR BELFAST CORRESPONDENT

MR. HUMPHREY ATKINS, the new Secretary for Northern Ireland, said from Stormont yesterday that he would not relax the efforts being made to bring terrorists to justice.

Given that he had only been in the province for about 12 hours, Mr. Atkins made an understandably low key, first public statement. There was no mention of the pressures which are said to have been exerted recently by senior army commanders for selective intervention without trial of known terrorist leaders.

Mr. Atkins said too many people had suffered, including his close personal friend, the late Mr. Neave, and that his appointment to the difficult post had been greeted mildly if cautiously in Ulster. He appealed for the help and support of all sections of the community in reconciling different viewpoints for the common good.

Although reticent about answering questions, Mr. Atkins did say that the bipartisan approach to the Ulster problem should continue because it had been of great value in the past. Before returning to London he met army and police commanders and senior civil servants at Stormont for briefings. He is expected to arrange introductory talks with the political parties within a few weeks. However, he may find that hard liners—in the shape of the Rev. Ian Paisley's Democratic Unionists—are in no mood for compromise, having increased their Westminster representation to three seats.

Continuity is Tory aim in Wales

By Anthony Moreton

ONE OF the key words at the Welsh Office under its new Conservative administration is likely to be continuity.

It became clear yesterday that Mr. Nicholas Edwards, Secretary of State, would differ from his Labour predecessor more in style than in content. Bolstered by a very large increase in their vote throughout the principality and the capture of three seats, two from Labour and one from the Liberals, the Conservatives now believe they are in a position to put their own gloss on affairs while continuing those aspects of the previous administration's policy, such as road building, with which they agree.

Both Mr. Edwards and his two parliamentary assistants, Mr. Wyn Roberts and Mr. Michael Roberts met the press in London as their first public performance.

TUC meeting

Mr. Edwards, who is the first Conservative Welsh Secretary of State to sit for a Welsh constituency, would not be drawn on specific aspects of policy, but it is clear that he hopes to meet the TUC in Wales soon. He is to take responsibility for policies concerning the economy, industry, Europe and agriculture. Mr. Wyn Roberts, who speaks Welsh, will look after matters concerning the Welsh language together with health, local government, housing, the arts and tourism. Mr. Michael Roberts has general responsibility for planning, transport matters, education, the countryside and sport.

Jobs record for Ulster development unit

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S small firms unit in Ulster, the Local Enterprise Development Unit, promoted a record number of 1,285 new jobs in the year to March 31. Mr. Colin Anderson, its chairman, said in Belfast yesterday.

The unit, which was established in 1971 to help to set up and foster the growth of companies employing fewer than 50 people, slightly exceeded its target of 1,200, but it found the cost a job had risen by 17.7 per cent to £4,179.

The agency said that last year 82 per cent of the jobs promised were created, well up on the previous year's 71 per cent. About a third of the new jobs promoted came from expansions of companies already assisted.

With about 36 factories and workshops under construction, the agency expects a further improvement in the present year.

Lord Allan

A MEMORIAL service for Lord Allan of Kilmahew will be held on Wednesday, May 23, at St. Margaret's Church, Westminster, at 11 am. Lord Allan, formerly Mr. Robert Allan, died in Australia on April 4, aged 64. He was due to retire from the Pearson Longman Board this summer.

State airway share-sale likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OFFERS TO private investors of shares in British Aerospace and British Airways are among important changes in aviation policy that may be expected during the life of the new Government.

The "guidelines" to the Civil Aviation Authority for licensing airlines are likely to be strengthened to encourage greater participation by private independent airlines in the UK civil aviation sector.

Overall, the aerospace industry may also expect to benefit substantially in the longer term from the Tories' intent to spend more on defence, which means more on conventional weapons such as combat aircraft and guided missiles.

The Tories are not thought likely to try to sell back Rolls-Royce to private enterprise, at least for a long time. Conservative Party aviation spokesmen have suggested that, to reduce State intervention in industry, the sale of shares in British Aerospace and British Airways, both State-owned, to outside investors, on the British Petroleum model, would be likely.

Cash That would be preferable to attempts to break up the organisations by hiving off parts. That it is recognised would damage the industries concerned and disrupt good relations with the trades unions.

Another factor against breaking up BAE and BA is that few organisations would be willing or capable of buying outright big units such as the Dynamics Group of British Aerospace, and of injecting into them later the

large cash sums needed to keep them alive. Such is the aerospace industry's need of large-scale investment in new aircraft and engine programmes that much Government cash support will be required for a long time to come.

Although many Conservative MPs have privately expressed distaste for some current programmes, such as the BAe 146 feeder-liner, they will not press for outright cancellations of such ventures until they have been given a chance to prove their viability.

That applies particularly to Rolls-Royce, where the £250m Dash 535 engine programme was recently criticised in an internal Whitehall memorandum between the Treasury and the Department of Industry.

Orders Sir Kenneth Keith, chairman of Rolls-Royce, has in recent months ensured that Mrs. Thatcher is aware of the importance to the company of that and other large programmes, and he is believed to feel that Rolls-Royce will not be interfered with by the Conservative Government.

That Sir Kenneth considers vital if Rolls-Royce is to be able to build on the success of the big orders for the Dash 535 already won, and which he believes will be multiplied extensively in the next year or two.

The rest of the aerospace industry, at management and worker level, believes that any further political disruption of the industry would be disastrous for exports, at a time of rapidly expanding world markets.

Few immediate changes are likely to civil aviation regulatory policy, beyond measures to encourage more private enterprise and competition in the airline business.

Some big decisions will soon be needed, however, on airports policy, such as whether to permit the fourth passenger terminal at Heathrow; whether to proceed with the public planning inquiry for the second terminal at Gatwick; and what to do about a third main airport for London as a whole.

Mr. Heath's Government strongly supported the Maplin plan for an airport on reclaimed land off the Essex coast. That was cancelled by the Labour Government in 1974 on grounds of cost, but it left airport congestion in the South-East unresolved.

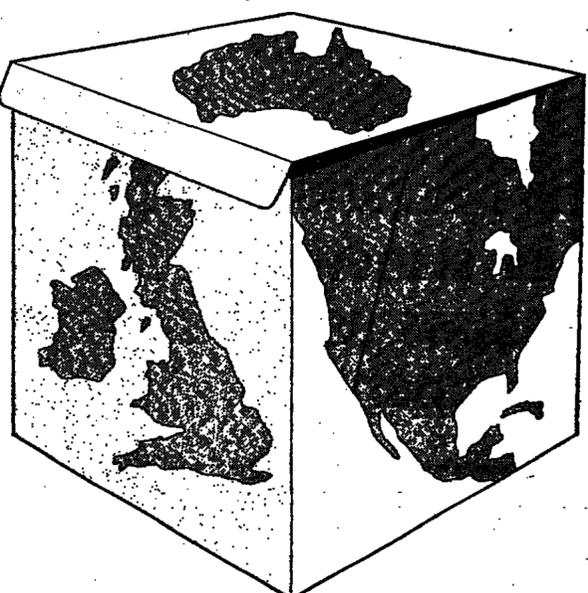
Since then, that has grown worse, and decisions on new airports and terminals are urgent. They must be taken this year if London and the South-East are not to run out of airport capacity by the early 1980s.

RESIDENTIAL PROPERTY

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Earnings per share are up 13% and dividends are up 19.2%. The final dividend recommended is 5.938p net, making a total of 8.75p net for the year. Our sales growth was restricted to 3.7% and pre-tax profits only managed a fractional improvement.

IRELAND The overall economic conditions provided a base for good growth in all our business areas with limited exceptions.

U.K. After a promising first half the latter part of 1978 proved to be extremely difficult, particularly in view of the lorry drivers' strike in the last month of our financial year.

U.S.A. A year of consolidation where much of the effort required to return

FINANCIAL HIGHLIGHTS

Table with columns for 1979 and 1978, and rows for Turnover, Pre-tax Profits, Taxation, Profit after Tax and Minority Interests, Dividends (Paid and Proposed), and Earnings per ordinary share.

our interest there to targeted profit levels was undertaken. Extreme weather conditions penalised us heavily.

THE FUTURE Indications are that the current year will be a fair one for the Group. Capital expenditure will again be at a substantial level.

RIGHTS ISSUE The Directors propose to raise £11.48 million by way of a Rights Issue. The Directors believe that it is now the time to raise additional equity capital to maintain the Group's flexibility and its ability to continue its expansion and development. Members of the Board and the two largest Irish shareholders, Irish Life Assurance Company and New Ireland Assurance Company, have agreed to subscribe for 1,945,000 shares and the balance has been underwritten.

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# Civil servants threaten action on 'victimisation'

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS yesterday threatened further industrial action if there was any "victimisation" of staff who took part in the recent strike campaign over pay.

All nine Civil Service unions last week formally accepted the pay deal which will give increases by January averaging 25 per cent, and set up negotiations with the Civil Service Department over its insistence that for the period of their action strikers should lose their seniority, which can be important for promotion.

But the Society of Civil and Public Servants, at its annual conference in Brighton yesterday, went further than its executive's agreement for departmental talks by instructing the executive to take industrial action, if necessary, over "prejudicial action" against civil servants.

Mr. Gerry Gillman, general secretary, said the society was not going to allow any victimisation of those members who bore the brunt of the pay struggle. There would be no agreement to clear the backlog of work from the strike while

"this pig-headed and vindictive attitude" remained.

Delegates censured the executive for its handling of the return to work of members in the Scottish Office who were suspended during the pay campaign for refusing to take on work normally done by those on strike.

A motion calling for the resignations of Mr. Gillman and Mr. Campbell Christie, deputy general secretary, for their part in the pay settlement was withdrawn, however, and the executive staved off further censure over pay, seniority and suspension.

## Defence

Mr. Gillman put forward a spirited defence of his and the executive's position in reaching a quick pay settlement before the general election.

He said: "Mrs. Thatcher has come to power on a programme of tax cuts financed by public expenditure cuts and buttressed by a policy of being tough with the unions. I don't believe she would have demonstrated that she would have been softer with

striking civil servants than Mr. Callaghan had been."

He warned against the "tragedy" of falling into "petty squabbling" in the face of the challenges posed by the new Government. The arena of battle for the Civil Service under the Conservatives was likely to shift from pay and incomes policies to staff cuts.

As the realities of office crowded in on Mrs. Thatcher, she would realise that the new government's policies of strengthening defence, law and order measures, immigration control, and changing social security benefits for strikers and others, would be bound to lead to an increase in civil servant numbers, Mr. Gillman said.

Mr. Alan Shute, assistant general secretary, said the message to Mrs. Thatcher was that if she thought it was firm government to bash the Civil Service then she would face firm opposition from society members.

Delegates also registered their opposition to any proposals to make strike action illegal and condemned the general council of the TUC for failing to support public service workers in their campaign against government pay policy last winter.



Freddie Mansfield

## New team takes over

Mrs Thatcher's new team at the Department of Employment started work in St. James's Square, London, yesterday. They are (left to right): Lord Gowrie, Minister of State; Mr. Patrick Mayhew, Parliamentary Secretary; Mr. James Prior, Secretary of State; and Mr. James Lester, Parliamentary Secretary.

## New Times plan put to NGA

BY OUR LABOUR STAFF

LEADERS OF the National Graphical Association will consider new proposals tomorrow for ending the dispute that led to the suspension of Times Newspapers publications more than five months ago.

The proposals on a formula for introducing computer-linked keyboards into the production process were put to the union during 12 hours of talks with management last Friday.

They represent the first real ground for hope that a settlement will be reached between the two sides since talks broke down nearly a month ago.

Union discussions are expected to centre on the possibility of NGA members operating the keyboards when feeding in original copy while journalists make corrections and changes on "live" visual display terminals.

# School work-to-rule 'for another week'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SCHOOL DISRUPTION by 370,000 schoolteachers in England and Wales will continue for at least another week, according to Mr. Fred Jarvis, general secretary of the National Union of Teachers, yesterday.

Mr. Jarvis, who leads the unions' panel of the Burnham pay-negotiating committee, said in London that he had been in touch with the local education authorities and the Department of Education and Science to press for an early meeting on the dispute over the union's 36.5 per cent claim.

But the Government wanted time to consider the 9 per cent cash offer and the terms for reference of the claim to the Pay Comparability Commission, which led Labour Ministers to suspend negotiations 12 days ago. Thus, no Burnham meeting was likely until the beginning of next week at the earliest, Mr. Jarvis said.

Meanwhile the 258,000-member NUT continued its withdrawal from non-teaching work in support of all-round improvements to the offer, including a reference of the 36.5 per cent claim requiring the commission to base its study on the favourable pay relativities accorded to teachers by the 1974 Houghton Report.

The 112,000-member National Association of Schoolmasters and Union of Women Teachers began its five-hour day working with the aim of having the dispute sent to normal arbitration in opposition to the wishes of the NUT and the four other unions represented in the Burnham Committee.

Schools were also affected in Scotland as 3,500 members of the Scottish Schoolteachers Association started a work to rule over the 42.5 per cent claim from teachers north of the Border.

But the 47,000-member Educational Institute of Scotland continued to work normally, explaining that there was no sense in taking action before the new Government had shown its hand.

In London, the 20,000-strong National Association of Head Teachers sent a letter to 10 Downing Street, asking Mrs. Margaret Thatcher to intervene and to press Mr. Mark Carlisle, Secretary for Education and Science, to review the Burnham procedure for negotiating the pay of the 422,000 State school teachers in England and Wales.

The Burnham machinery, under which the NUT controls the unions' panel and minority interests are not allowed to speak in full meetings of the committee, is in part to blame for the present disruption.

# Post Office offers union new pay talks

BY OUR LABOUR STAFF

THE POST Office told the Union of Post Office Workers yesterday that it was prepared to enter further discussions on certain parts of the offer rejected last week by union ballot.

At a meeting with the union, whose members rejected the 12 per cent offer on a vote of more than 5-1, the management said it was prepared to enter further negotiations on efficiency clauses in the offer.

These clauses, which include greater use of casual and part-time labour and more efficient methods of measuring work, were the principal reasons for the rejection of the offer.

The Post Office also said that

it was prepared to negotiate on a number of other issues including pay restructuring. In the meantime it would implement basic pay increases included in the offer. A settlement for the 190,000 postal workers was due on January 1.

The Post Office said the offer was made up of 8 per cent on basic pay, 8 per cent consolidated on some supplements and 8 per cent, unconsolidated on certain allowances.

The union, whose executive was discussing the Post Office's new position yesterday, regards the productivity clauses as dead.

# Restructuring bid to end telephone bills strike

BY PHILIP BASSETT, LABOUR STAFF

THE POST OFFICE board will hold a special meeting today on pay and the effects of strike action by computer and clerical staff which has halted the issue of telephone bills for more than a month.

The board will hear a report on new pay proposals which were put to all six unions, representing 200,000 telecommunications workers last week. The proposals involve major restructuring of the grades and a move to a common settlement date in July.

The Society of Civil and Public Servants, which represents about 6,000 Post Office staff, has rejected the offer of a 9 per cent increase, with further rises of 2½ per cent for those with an April settlement date and average increases of 5½ per cent for the grade restructuring.

The society plans to step up its campaign of selective strike action next week. Union officials estimate that about £200m Post Office revenue has been delayed since the action started last month.

The strike, in support of a 25 per cent claim, involves about 100 members. Members of the 37,000-strong Civil and Public Servants Association are also taking action.

The annual conference of the society, representing mainly Civil Service staff, yesterday pledged its full support to Post Office members.

Officials of all Post Office unions representing telecommunications grades, will attend a meeting on Friday to be chaired by Mr. Anthony Carter, Secretary General of the Council of Post Office Unions.

# Poll candidates 'turned away by six companies'

SIX PROMINENT British companies were accused yesterday of refusing parliamentary candidates the opportunity of addressing workers at some of their southern plants.

Mr. Tod Sullivan, national secretary of the white collar section of the Transport and General Workers' Union, said that the companies were Whitbread, Electrolux, SKF, Brown Boveri, Kent, Vauxhall Motors and Chrysler.

In a letter to the chief executives of the six companies, Mr. Sullivan said that during the election he acted as the liaison officer for the trade unions in Luton, where it had been the practice in a number of elections for candidates of the main political parties to address the workforce during meal breaks or to visit the plants during the election campaign.

"In this election, every one of your companies refused permission for candidates in the Luton East and Luton West constituencies to visit your plants.

We were told that this was an executive decision, and yet candidates in Ellesmere Port visited the Vauxhall plant and candidates in Coventry visited Chrysler at Ryton.

"In fact, the only company in Luton which allowed the candidates to visit its plant was Laporte Industries, and that visit arose from a request by the local Conservative candidate," he said.

"I am shocked and surprised that companies which should be seeking to defend democracy have acted in a way which diminishes democratic discussion during an election period. It is no excuse to declare that the National Front and Communist Party had candidates in the area, as private organisations have the right to limit the candidates visiting a site to the three main parties," said Mr. Sullivan.

"Whatever the result in Luton, I believe that democracy has been diminished by your attitude and actions."

# 1978 Results

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 "We have now laid the foundation of what can be a satisfying future for British Aerospace. The strength of those foundations is enhanced by the fact that they are so broadly based."

Extracts from the report of the Chairman, Lord Beswick.

	1978	1977
<b>Sales</b>		
Sales	£894m	£860m
Exports	£487m	£536m
Order book	£2,951m	£2,283m
<b>Profits</b>		
Trading profit	£79m	£75m
Profit	£60m	£63m
(after new project launching costs of £11m (1977 £5m) and loan interest)		
Net profit after tax	£29m	£29m
<b>Assets</b>		
Assets employed	£322m	£285m
Return on assets	26%	27%
<b>New investment</b>		
(Financed entirely by funds generated internally)		
Fixed assets	£28m	£18m
Work in progress	£56m	£8m

Copies of the 1978 Report and Accounts may be obtained from HM Stationery Office. Price £2.

## BRITISH AEROSPACE

Weybridge, Surrey.



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# Cement-Roadstone

Ireland's largest Industrial Company

	1978	% INCREASE
Sales	£173.5m	+29%
Profit before tax	18.1m	+23%
Earnings per share	12.53p	+18%
Dividend per share	3.85p	+30%

"The Group showed its resilience and the breadth of its base in bringing in these results.

Good progress has been made in reaching a balanced spread of investment both in product terms and geographically.

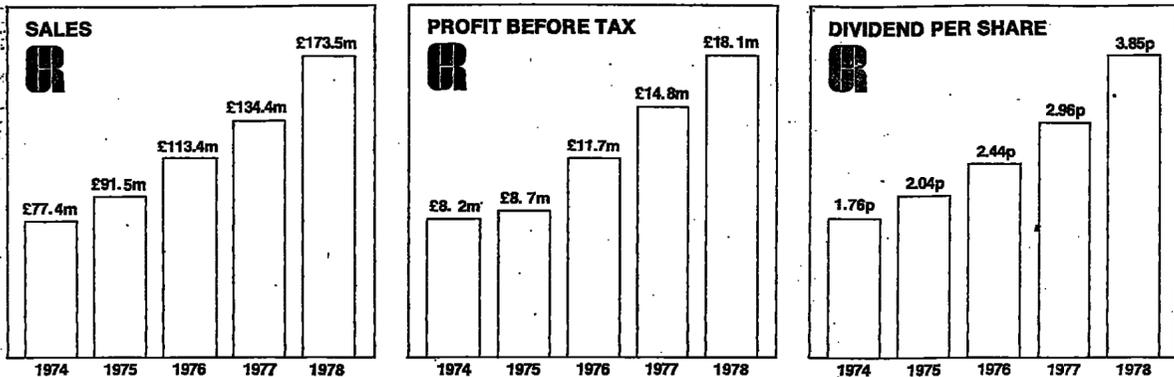
£29.2m successfully raised by the Rights Issue will

improve the Group's ability to develop further.

Provided we enjoy stability in the working environment we expect to maintain good growth.

All in all the year ahead looks promising."

Michael J. Dargan, Chairman.



Activities - Products and services for the building and construction, agricultural and chemical industries. Operations in Ireland, U.K., Holland, U.S.A., Cyprus and Nigeria.

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## APPOINTMENTS

### Metal Box group changes

Sir Alex Page, chairman of Metal Box, having reached retirement age, will be retiring as chairman and from the Board at the conclusion of the annual meeting on July 27. Mr. D. B. Huffam, vice-chairman, will be retiring from the Board on the same date.

The new chairman will be Mr. D. L. Allport, at present deputy chairman, who will also be chief executive. On June 1, Mr. Allport will relinquish his position as managing director and be succeeded in that post by Mr. R. J. W. Frost.

From July 28, Mr. J. G. Gilbertson and Mr. J. G. Hodder will become vice-chairman of the company and Mr. Hodder will be replaced as secretary of the company by Mr. D. J. Piper. Organizational changes effective from June 1 are being made. Responsibility for operations is being vested in divisions, each managed by a main Board director. These divisions replace the three operating companies, Metal Box Packaging, Metal Box Diversified Products and Metal Box Overseas.

The divisions and their chairmen will be Metal Box Open Top (Mr. B. N. Gilson); Metal Box General Line (Mr. R. M. O. Stanley); Metal Box Paper and Plastics (Mr. P. B. Blackwell); Metal Box Overseas (Mr. I. R. M. Willis); Metal Box Group (Metal Box) (Mr. R. G. A. Haynes); Metal Box Engineering (Mr. D. H. O'Shaughnessy); and Metal Box Research and Development (Mr. C. I. Mellor).

Additionally, Mr. Mellor has been appointed corporate strategy director and Mr. O'Shaughnessy, technical director. Mr. J. E. E. Sieve continues as finance director and Mr. W. Barclay as personnel director.

Mr. John Perry has been appointed president of the DIVERSEY CORPORATION, succeeding Mr. George Hunt, who continues as consultative director. Mr. Perry joined Diversey in the UK in 1959, becoming managing director in 1974. In 1977, he transferred to the corporation's Chicago headquarters where he success-

sively held the position of vice-president-marketing and executive vice-president. Mr. Hunt had been president since 1969. Mr. Bert Preston has become senior vice-president, adding the Middle East, Africa and the Far East, to his existing European responsibilities. Mr. Ron Thompson has been made assistant vice-president with special responsibilities for Diversey's operations in the Middle East and Africa. Mr. Mark Steer is now managing director of Diversey Limited and Mr. Jack Taylor joins the Board of that company.

Dr. H. G. Keshmen, partner in the Cologne-based private bank Sal. Oppenheim Jr., Und Cie, has taken over as president of the BUNDESVERBAND DEUTSCHER BANKEN, the West German private sector banks association.

Mr. John N. Archer has been nominated for appointment to the post of managing director of the INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION, subject to confirmation by the Board at its annual meeting on May 15. He will retire from the British Civil Service and take up his new work early in July. Mr. Archer, at present an Under Secretary in the Department of Trade, will be appointed to succeed Mr. A. S. M. Hetherington who is retiring later this year as managing director of the federation.

Mr. G. T. Holdsworth, deputy chairman and managing director



Mr. G. T. Holdsworth

of Guest Keen and Nettelfolds, has been appointed a director of MIDLAND BANK.

Mr. Stanley Alfert, a general manager and director of the GRESHAM LIFE ASSURANCE SOCIETY, has been appointed joint secretary. He will work in consultation with the actuary, Mr. John Leighton, and in particular will be responsible for corporate planning, the computer and investment matters.

Senior executive changes have been made by the BARCLAYS GROUP. Within the international division, Mr. W. L. Cockburn returns to Barclays Bank International on October 3 to become a director and general manager. He has been seconded to the UK division as a general manager since January 1977. Mr. P. E. Leslie has been appointed a director and general manager of BBI from October 3 on the retirement of Mr. C. P. Lunn. Mr. Leslie has been a general manager since 1973. At the same time Mr. C. H. Manton and Mr. E. S. Schuurman will become divisional general managers for Europe. In the UK division, Mr. A. R. F. Buxton will succeed Mr. Cockburn as a general manager. Mr. Buxton's present position as senior local director of Barclays Bank's Pall Mall District will be taken by Mr. J. L. Vincent, who will also become a director of Barclays Bank UK Management. Mr. H. T. Norrington replaces Mr. Vincent as a regional general manager for the London region. Mr. A. Earl, regional general manager for the North East

Region, will also take on responsibility for the North West Region. Mr. John A. Geoghegan has been elected a director of Barclays Bank of New York and Mr. Arthur J. Geoghegan, vice-chairman, has retired from the Board.

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Mr. A. M. Mason and Mr. E. V. Wright will retire from the Board of RECKITT AND COLEMAN at the annual meeting on May 31. Mr. Mason was chairman for 1970 to 1977 and has been with the company for 41 years. Mr. Wright joined the group 32 years ago and was responsible for a very large part of the overseas business.

Mr. R. H. Stephens has been appointed to the Board of HOGG ROBINSON AND GARDNER MOUNTAIN REINSURANCE, part of the Hogg Robinson Group.

JOHANSSON GROUP OF SWEDEN has appointed two new directors, Mr. Sven-Olov Brax (with responsibility for European liner services) and Mr. Bjorn Ervell (overseas liner services).

Miss Leslie Field has been appointed editor of a new glossy monthly magazine called Panache, to be published in November by TRUST HOUSES FORTE. She has resigned as editor of The Tatler to start work on planning and design for the new publication, which will operate from 23-25 Fleet Street, London EC4, telephone: (01) 353 6861.

Mr. D. H. Roberts, formerly managing director of Plessey Microelectronics Division, has joined the GENERAL ELECTRIC COMPANY as director of research based at GEC's Hist. Research Centre, Wembley.

Mr. Cem N. Cesimig has been named vice-president and general manager of BANKERS TRUST COMPANY'S branch in Bahrain. He was previously at the London branch, where he was vice-president and London group head for the Middle East/Africa Division.

Mr. Brian Cooper has become works director of WELLMAN MANUFACTURING. Mr. David Sedley, commercial manager, has been appointed to the additional position of secretary. The company is a subsidiary of Wellman Engineering Corporation.

SULZER BROTHERS (UK) has appointed the following divisional directors: Mr. R. W. Bowden, works (pump); Mr. C. Lennox, sales (pump); and Mr. L. E. Smith, (mechanical and process engineering).

## Energy growth boosts fully diluted earnings to record \$4.30.

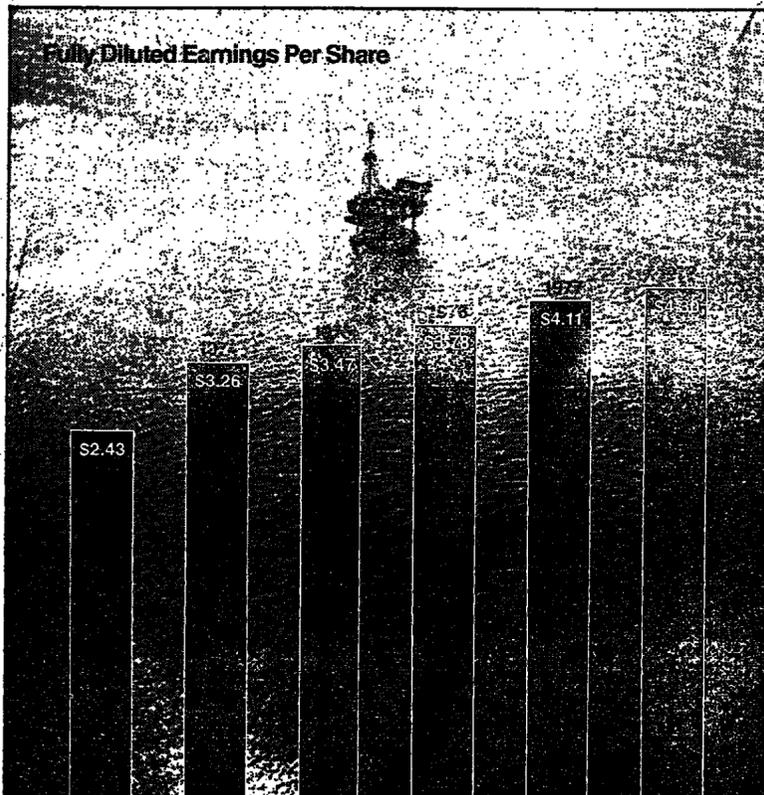
Tenneco's success in oil and natural gas played a major role in moving 1978 fully diluted earnings per share to \$4.30, topping five years of steady growth from \$2.43 in 1973. At the same time, primary earnings per share were increasing to \$4.53 on 96 million average shares outstanding, up from \$2.79 on 73 million shares.

Other record highs were set in 1978 as well. Net sales and operating revenues reached \$8.8 billion, up 116% from \$4.1 billion in 1973. Net income rose 94% to \$466 million from \$240 million five years earlier.

During that same 5-year period, capital expenditures increased 151% to \$1 billion and total assets climbed 81% to \$10.1 billion. In its 35th year, Tenneco is the youngest company in the nation's top 25 industrial corporations.

Tenneco's emphasis on energy has increased earnings from our oil and natural gas businesses by more than 172% since 1973; today energy generates two-thirds of the Company's income. Because the need and the opportunity are so great in this field, we will continue to invest most of our resources in energy for the foreseeable future.

We will also continue to strongly support our diversified



non-energy businesses—construction and farm equipment, automotive components, chemicals, agriculture and land management, packaging, shipbuilding and insurance.

That's Tenneco today: a growing energy company with

other profitable diversified businesses, well positioned for future growth.

For further information, write Tenneco Inc., Section X-2, P.O. Box 2511, Houston, TX 77001.

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UK NEWS

NEB's RECORD DEFENDED BY CHAIRMAN SIR LESLIE MURPHY

# Plea to protect board from 'political dogma'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

## RESULTS OF THE NEB'S COMPANIES

SUBSIDIARIES:	Profit (loss) before taxation		Investment
	1978	1977	
BL	1.70	3.19	355.52
Rolls-Royce	11.89	20.35	265.00
Ferranti (now an associated company)	9.59	6.14	6.94
Herbert	(2.76)	0.13	41.63
Fairey Holdings	5.19	—	18.00
Cambridge Instrument	(2.35)	—	7.52
Data Recording Instrument	(0.38)	0.32	4.98
United Medical Enterprises	0.75	(0.04)	6.22
Sinclair Radionics	(1.98)	(1.29)	4.45
Systems Programming Holdings	0.33	0.04	1.40
Bull Motors	(0.47)	—	1.02
Mollart Engineering	0.20	0.19	0.38
Keland Electrics	(0.01)	0.02	0.14
INMOS	(0.51)	—	0.59
INSAC Data Systems	(1.30)	(0.18)	2.15
Thwaites and Reed	(0.16)	(0.23)	—

ASSOCIATED COMPANIES:	NEB share of profits (loss)		Investment
	1978	1977	
Agemaspark	0.09	0.05	0.35
Aqualisa Products	(0.04)	(0.02)	0.12
Automation and Technical Services	0.02	—	0.15
British Tanners Products	0.35	(0.97)	4.50
Brown Boveri Kent	1.12	—	3.29
R. R. Chapman (Sub-Sea Surveys)	0.03	0.05	0.05
Computer Analysts and Programmers (Holdings)	0.30	—	0.55
Computer and Systems Engineering	0.16	—	1.23
Hydraroll	(0.03)	(0.01)	0.12
ICL	9.04	7.21	12.13
Mayflower Packaging	0.03	—	0.12
Monotype Holdings	(0.11)	—	1.75
Negretti and Zambra	—	—	1.17
North East Audio	0.02	—	0.44
Pakmet International	0.01	(0.01)	0.30
Powerdrive PSR	0.05	—	0.27
Sandiaere Electrics	0.04	—	0.17
Systems Designers International	0.03	—	0.33
Systeme	0.27	0.02	0.89
Technical Resources (Equipment)	—	—	0.34
Twinlock	0.29	(0.02)	1.00
Vicort of London	(0.02)	—	0.20
Held by subsidiaries	(0.25)	(0.03)	17.26

ASSOCIATED COMPANIES AND OTHER INVESTMENTS FOR WHICH PROFIT FIGURES ARE NOT AVAILABLE	NEB share of profits (loss)		Investment
	1978	1977	
Duo Rubber and Engineering	—	—	0.16
The Energy Equipment	—	—	0.30
J. and P. Engineering (Reading)	—	—	0.15
Newtown Securities (Northern)	—	—	0.12
Technical Resources (Equipment)	—	—	0.34
BTB (Engineering)	—	—	0.03
Francis Shaw	—	—	0.75
Hemmings Plastics	—	—	0.10
Hind-Brown	—	—	0.40
F. W. Elliott (Holdings)	—	—	0.15

A STRONG defence of the National Enterprise Board's role as a "bridge between State-ownership and private entrepreneurial activity" was made yesterday by Sir Leslie Murphy, the board's chairman, when he announced that the organisation had made pre-tax profits in 1978 of £30.7m.

In the NEB's annual report and accounts, published yesterday, Sir Leslie also asked that the new Government should review the board's role without being influenced by political "dogma."

The NEB's operating profits for last year amounted to £114m before deducting the £14m cost of exceptional manpower reductions in BL and other extraordinary items which brought the final figure down to a loss of £41.3m. The operating profit compared with £101m in 1977, while the £30.7m profit figure compared with £34m and the £41.3m loss with a loss of £30.7m.

These results were described by Sir Leslie in his chairman's statement as "an advance on previous years." But he acknowledged some disappointment with an 11.3 per cent rate of return on capital employed for the NEB's activities, excluding the board's BL and Rolls-Royce subsidiaries.

The main message delivered by Sir Leslie in his chairman's statement was that the NEB should be allowed to continue with its work "free from doctrinal hostility." He suggested that "market forces alone" were not sufficient to save British industry being beaten by overseas competitors.

In his statement, written a month ago just as the general election campaign started, Sir Leslie pointed out that the newly elected Government would have to form a view about the future role of the NEB.

### Continuity

He stated: "Perhaps I may be allowed to express the hope that it will do this objectively, not influenced by dogma either of the Left or of the Right and with a proper regard for the need for some degree of continuity of approach to the nation's industrial affairs."

Explaining why he believes that the NEB's entrepreneurial activities should not be pruned he wrote: "It may be asked why there is any need for the

NEB to be involved—either as an investor or as a moving spirit—in profitable sectors for which there is major market promise.

"It is a feature of the western world that governments of almost every major manufacturing country respond to public pressures to try to stimulate the pace and direction of industrial development.

"If we stand aside in this country and allow market forces alone to operate we shall be overtaken and displaced by those of our competitors who have learned the skills of forcing the pace of development and seizing the market opportunity by reinforcing commercial drive with the impetus of public financial support.

"If the UK is to respond, it is right to find the institutions appropriate to the task. I believe that in the NEB this country has created such an institution."

Sir Leslie said he believed that there had been a "growing acceptance" of the NEB last year. "The way in which we operate is commanding wider respect and a more general support. Quarters from which we once had criticism or indifference are now prepared to work with us to help launch new ventures."

Co-operation and joint projects had been set up with clearing banks. The NEB had set up its first joint venture with a major U.S. company. But it would take "several years" for the results of the NEB's work as a "bridge between State ownership and private entrepreneurial activity" to be reflected in its annual profits.

"I believe that 1978 has seen a considerable strengthening of that bridge and a recognition, free from doctrinal hostility, that in the UK such a bridge is not only necessary but beneficial."

Sir Leslie explained that in the past the NEB had been "rather coy" about its activities. This was "partly to avoid the trap of claiming success before it is assured and partly to avoid the danger of frightening people off." Now that the NEB had made some progress and was regarded with "less hostility" it had decided to spell out more detail on its activities.

The sectors in which the NEB is currently interested include automotive products, aero engines, computers and electronics (including software),

machine tools, scientific and medical instruments, office equipment, process control, telecommunications, power plant manufacture, construction and mechanical handling equipment, industrial engines, hydraulics, electronic test and measuring instruments, and offshore engineering," says the report.

In addition the NEB continues to seek ways of assisting the development and growth of small companies.

The report contains brief reports on each of the NEB's companies—which numbered 46 at the end of 1978. The ownership of BL and Rolls-Royce meant that automotive products and aero engines predominate, says the main report.

### Progress

"But real progress is now being made in implementing strategies in other industrial sectors. In particular the computers and electronics strategy is beginning to show results, in the form of investments in a broad range of companies in this sector."

These investments include holdings in ICL and Ferranti, the INMOS micro-chip venture, Data Recording Instrument, which is the subject of court action over a link-up with Control Data Systems of the U.S., and INSAC, which exports computer software.

Referring to BL and Rolls-Royce in his statement, Sir Leslie said that both had made "substantial progress." But for BL 1978 was a "year in which we need to see a substantial improvement in performance."

Among the companies inherited from the last Government, Alfred Herbert, the machine tool subsidiary, was "in many respects in the worst position to face the future."

No, two or three years later, Herbert is half-way through a five-year plan to transform the company from a low-technology to a high-technology machine tool manufacturer," declared Sir Leslie.

It was partly the "deep-seated problems in companies like Herbert" which had kept the NEB's return on capital employed down to 11.3 per cent (excluding BL and Rolls-Royce) for the year. This was almost exactly the same as the 11.4 per cent result in 1977. It did not show the progress hoped for by Sir Leslie towards the target of 15 to 20 per cent by 1981 set

## NEB CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1978	1977
	£m	£m
Turnover	4,157.6	3,501.1
Operating profit before interest...	102.9	96.4
Share of profits of associated companies	11.5	5.3
	114.4	101.7
Costs of exception manpower reductions in BL	13.6	—
	100.8	101.7
Interest payable less receivable...	70.1	67.4
Profit before taxation	30.7	34.3
Taxation	19.4	13.8
Profit after taxation	11.3	20.5
Minority interests	5.3	4.7
Profit before extraordinary items	6.0	15.8
Extraordinary items	(47.3)	(46.5)
Loss after extraordinary items	(41.3)	(30.7)
Return on capital employed NEB and its subsidiaries	6.4%	7.5%
NEB and its subsidiaries, excluding BL and Rolls-Royce	11.3%	11.4%

by the last Government in December, 1977.

Part of the reason for the lack of improvement was also because the NEB did not deliberately set out to "buy profits." The profit base upon which its business rested was not yet sufficiently broad to outweigh the effects of taking on new ventures.

The accounts show that the 1978 operating profits of £114m finish up as a loss of £41.3m after payment of £70m interest, £19m taxation, £5m minority interest, and extraordinary items of £47m.

Money invested directly by the NEB in 1978 totalled £359m and brought the total since the NEB was formed to about £600m. When this was added to investments taken over by the NEB from the last Government, the aggregate investment for which the NEB was responsible at the end of last December amounted to about £1.25bn, said Sir Leslie.

By the end of March this year, the NEB's commitments against its statutory borrowing limit totalled about £350m. The Industry Act, which became law just before the election campaign, raised the immediate

borrowing limit to £3bn with a further possible limit of £4.5bn, subject to later Parliamentary approval.

But the Act also brought the external borrowings of all the NEB's subsidiaries, now totalling £200m, within the borrowing limit. Arrangements for BL announced a month ago brought in an additional commitment of £150m.

This made a total commitment of £1.8bn against the new £3bn limit, said Sir Leslie. He thought this should enable the NEB to carry out its programme within the £3bn limit for three or four years in line with its corporate plan sent to the last Government six months ago. (The plan was not approved before the general election.)

In addition, Sir Leslie referred to the contentious question of Parliament's control of the NEB and suggested that the best solution might be for the relationship between the Department of Industry and Parliament to be examined first. NEB Annual Report and Accounts 1978. NEB Information Department, 15-18, Grosvenor Gardens, London SW1W 0DW. Price £2.

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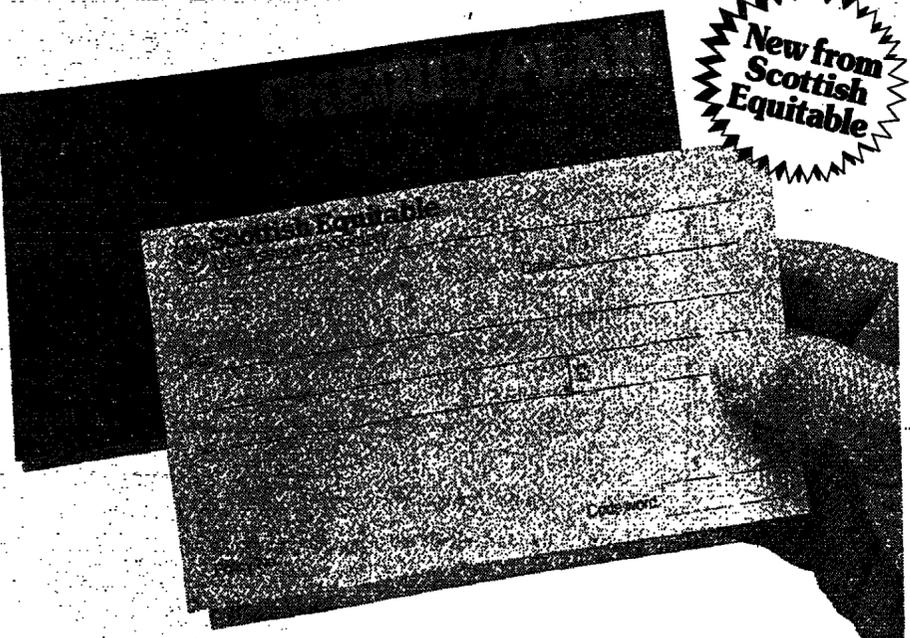
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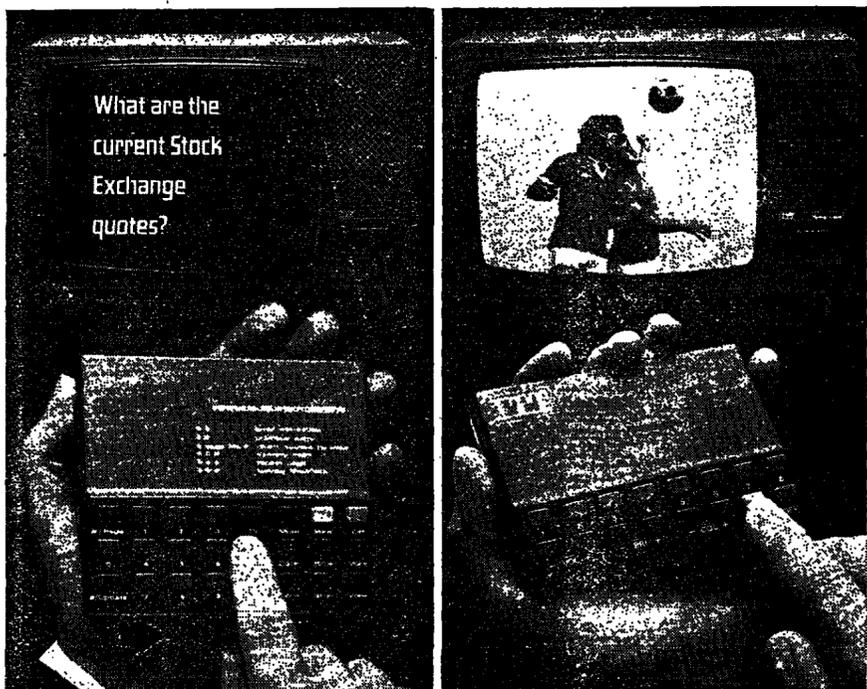
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designed for Prestel, the Post Office's Viewdata system. Both ITT's Viewdata set (on the left), and the new domestic TV (on the right), feature the remote control that works in and out of the set.

Now Prestel is a public service, ITT have developed an advanced receiver designed for Viewdata use.

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ITT  
World-wide Technology

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● LASERS Powerful unit hits tiny spot

INDUSTRIAL POWER beams section of BOC, Daventry, is making and marketing a new 500 watt CO<sub>2</sub> laser. It is a fast flow type and has a high performance/power ratio. The model produces a beam which can be focused to a spot less than 0.15mm diameter. This means that it can produce narrow, deep penetration cutting operations for the given power output and it has been designed specifically with a view to producing good quality cutting operations in a production environment for metals, woods, plastics, etc. Optional extra equipment is available including X Y table.

numerical control and optical follower, so that a complete cutting machine can be provided.

Pulsed operation is also available as an optional extra. This will increase performance in some applications.

First production systems of the new laser will be available for delivery from November 1979 onwards. The addition of this 500 watt unit to the range means that BOC now covers the spectrum between 500 watts and 6kW.

Further details from the BOC laser division on Daventry (032272) 4313.

## ● MAINTENANCE De-frosting speeded

ONE OF Britain's biggest producers of frozen vegetables, Wold Farm Foods at Grimby, has obtained the shutting down of its freezer units during defrosting and washing out operations, by installing batteries of fixed spray nozzles. Previously three men with hose pipes undertook the task.

The system was devised and installed by the company's engineers in consultation with CT (London), 3 Hobart Place, London, SW1 (01-235 1304), exclusive UK distributor for nozzles and accessories manufactured by Spraying Systems Co., Wheaton, Illinois.

The switch from manually operated hoses to fixed spray nozzles means that, apart from significant saving in labour, output capability at the Grimby factory has also substantially increased—particularly in the busy harvesting season from June to September.

The plant operates a bank of

three freezer units which, during the peak season, are working 24 hours a day, seven days a week. Defrosting of the ammonia coils is by built-in sprays working continuously in sequence throughout the freezing operation. General accumulation of ice within the freezer cabinet, however, must be washed away periodically if production is to continue without damage to the conveyor.

It is desirable for washing-out to take place every 48 hours and, before the spray systems were installed, this could only be achieved by shutting down the units for at least six to eight hours while a three-man team washed out with hoses.

The job is now done automatically inside three hours, simply by opening two valves, although one man still needs to hose residual debris from the floor.

## ● MACHINE TOOLS

### Italian machine drills precisely

A CO-ORDINATE drilling machine from Industrie Meccaniche in Italy and available from Adam Machine Equipment, Luton Road, Harpenden, Herts, AL5 3DA (Tel. 0527 62423) is designed for sustained accurate work and to relieve costly jig-borers of many of the more routine co-ordinate drilling operations.

Specification of the 135A includes automatic feed with auto-release, and provision for

tapping holes with auto-reversal. There are four rates of automatic feed; coarse and fine manual feed are by three-arm capstan and cranked handle respectively.

Hardened and ground nickel-chrome steel spindle runs in high precision bearings and has two speed ranges, each infinitely variable while the machine is running. Speed control is by means of a cranked handle, although a servo-motor with

push button control can be specified. The speed is displayed on the front panel.

Co-ordinate table, measuring 800 x 300 mm, is in Meehanite cast iron and is mounted on prismatic guideways; it has positive clamping and stops at pre-set positions. The ground feedscrews have a maximum error of 0.025 mm in 300 mm with backlash compensation. Vertical motion available is 350 mm; maximum table load is 300 kg.

### Will tackle big jobs

TYPICAL of a range of three machining centres from the Italian Berardi company and available in the UK from Selson Machine Tool Company is the MCTC 120 with a spindle diameter of 120 mm.

Employing computer numerical control, the cutting spindle is moved by two lateral ball screws mounted on each side. An infinitely variable range of spindle speeds from 30 to 2,250 rpm are available and the spindle, with a clamping force of 22 tonnes, has thermal compensation for overheating.

Maximum traverse in the vertical axis is 2850 mm, in the

longitudinal axis 1500 mm, with a traverse of 1150 mm and movement in the spindle axis of 400 mm. All traverse motions are by recirculating ball screws and bedway rollers. Rapid traverse operates at 10,000 mm/min.

The table measures 3100 x 1500 mm, has a work load capacity of 5000 kg and is available in eight types including plain, rotary and pallet shuttle.

Tool magazines are offered with a capacity for 40, 50 or 60 tools and the tool changing time is nine seconds for tools of 315mm diameter and 60 kg weight.

### Machines from Spain

ONE OF Spain's largest manufacturers of milling machines, Nicholas Correa S.A. has appointed Alfred Herbert to be its sole UK selling agent.

There are two basic machine configurations—knee type and bed type. Knee-type vertical milling machines are available in five sizes from 5.5 hp to 35 hp.

The machines can be fitted with a motorised overarm having an independent three-speed drive to provide a cross-feed. Further versatility can be built into the machines by fitting a universal head, which allows machining with any rake angle.

A number of automatic machining cycles can be built into the machines. The linear cycle

provides complete automation of the longitudinal table traverse, while the pendulum cycle extends this control to reversing the direction of spindle rotation.

A square cycle gives automatic control of two axes, either longitudinal and vertical traverses, or longitudinal and cross traverses, while a cubic cycle provides automatic control of all three axes.

The bed-type machines are said to be ideal for heavy-duty milling of large workpieces. The main motor is 30 hp. These machines are operated from a pendant control that gives the operator a clear view of the workpiece at all times. The machine will handle work-pieces up to 5,000 kg.

## ● CONFERENCES

### Cooling with sea water

AS POWER stations move closer to the shoreline and fresh water becomes too expensive and impractical to use, sea water is fast becoming a major coolant for power plant, including ships' engines.

Sea water is notoriously corrosive but the use of titanium has minimised damage to machinery, while some metallurgists claim that copper alloys do the job as well.

"Cooling with Sea Water" is the theme of a conference organised by the Institution of Mechanical Engineers and due to be held next month.

Sponsored by IMechE's Steam Plant and Process Engineering Groups this conference will be held in IMechE headquarters in Birdcage Walk, London SW1 on May 15 and 16.

The proceedings have been divided into four sessions dealing with power stations, fouling, corrosion, use of titanium, and the use of copper alloys.

Papers are being submitted by CEGB, Electricité de France and many metallurgical and engineering firms in the country. Closing remarks will be made by Mr. H. Watson, chief mechanical engineer for Kennedy and Donkin, Manchester, chairman of the Steam Plant Group.

Further information on 01-839 1211.

## ● LIGHTING

### Light for less power

GTE SYLVANIA has announced the introduction of two new fluorescent lamps—the 26mm diameter ES100 and ES180 "Energy Saver" models.

For ES100, savings of 10 per cent over conventional 38mm lamps are claimed without the loss of light output. They are available in a range of standard colours and 15W, 35W and 58W types.

The cost of the new lamps is less than half that of the tri-phosphor tubes and only 40 per cent more than the standard tubes. This last cost difference, however, is quickly recovered over approximately six months.

Available in three colours and three wattages, the ES180 26mm units are high-efficiency tri-phosphor lamps which provide

higher lumen outputs than conventional 38mm fluorescent lamps: 10 per cent over standard colours and 70 per cent over "de-luxe" colours.

The 10 per cent lower wattage achieves between 10 and 50 per cent savings in energy over conventional tubes, dependent on the type of lamp replaced and whether they are used in existing or new installations.

When equipping new schemes, they permit the use of fewer and smaller fixtures. Six ES 180 lamps deliver the same light output as ten standard de-luxe lamps, giving a saving in excess of 45 per cent.

The new designs will be available in the UK next year. GTE Sylvania, 29 Saltire Road, Shipley, West Yorkshire, BD18 3EH. 0274 595821.

## ● RESEARCH

### Burning issues examined

ACCORDING TO Battelle Columbus Laboratories, Ohio, U.S., there are currently about 50 installations converting refuse into steam, hot water or electricity in America and, says John M. Allen (who is heading a two-year study of the subject) more refuse-burning installations are being planned.

Battelle research staff are undertaking a \$3m study of the effects on the environment of burning municipal wastes to generate energy. During this, they will burn several different

types of refuse in combination with coal in the laboratory's spreader-stoker boiler facility, and experiments will be made using different ratios of refuse to coal.

It is planned to measure stack emissions and search for trace metals, polycyclics and other trace constituents that might be environmentally unacceptable.

Information obtained will be used, says Battelle, to develop technology for controlling these emissions, should control prove necessary.

## ● PROCESSING

### Makes timing marks on flywheel rims

DESIGNED specifically for permanently graduating timing marks, and code numbers on the rims of flywheels a machine has recently been built by Funditor of Wembley.

Marking of the precise timing graduations in automotive work is maintained to an accuracy of ± 15 mins (0.25 degree).

This machine is designed to accept 16 sizes of flywheel ranging from 19" in. (485 mm) to 28 1/2 in. (718 mm) Other sizes can be accommodated with tooling modification.

Marking is by hardened steel type or dies by a rolling action whereby the indentation is made progressively as the work-piece and marking tool, which are in engagement with each other under pressure, roll rela-

tively to one another. Thus, as the entire mark is not made instantaneously the applied pressure can be kept very low and there is no damage or distortion to the part being marked.

Movement of the marking slide, carrying the graduating and marking type, is powered hydraulically. Synchronised with the marking slide is the flywheel rotator during marking.

The roller cradle supporting the flywheel gives the necessary pressure required for the marking operation without the shock factor associated with sudden impact.

Synchronised with the marking slide is a rack which is in constant mesh with a segment

gear carrying a spigot on which the flywheel is located. This ensures that the flywheel is presented for marking at the correct start point, thus ensuring the accurate positioning of the timing graduations. It also prevents the flywheel slipping during the actual marking operation.

In the rear of the machine an easily accessible 5 hp motor is housed which powers the hydraulic systems for the marking slide and table. Push button stations are provided to activate the marking cycle, a repeat stroke sequence and guard interlock.

Funditor, South Way, Wembley, Middlesex HA9 0HE. 01-902 3022.

### Rope-making equipment from Denmark

PRODUCTION OF ropes is an ancient craft. In the past they were produced in a rope-walk, a long building in which the strands of rope would be twisted for a considerable length and then plied together. The amount of twist in each strand and its direction were co-ordinated with the twisting together into multiple cables and the resultant rope and this would ensure maximum strength.

Design of a rope and its balance to give the best possible tensile properties is a sophisticated task and laboratories throughout the world have been giving a great deal of attention to finding the best balance of properties to obtain the maximum tensile strengths and elasticities from various types of ropes.

Now, a range of equipment has been developed in Denmark by Roblon which is able to start with a rope yarn, convert this into a finished rope, coil it into a final pack and present it complete. This is a single and con-

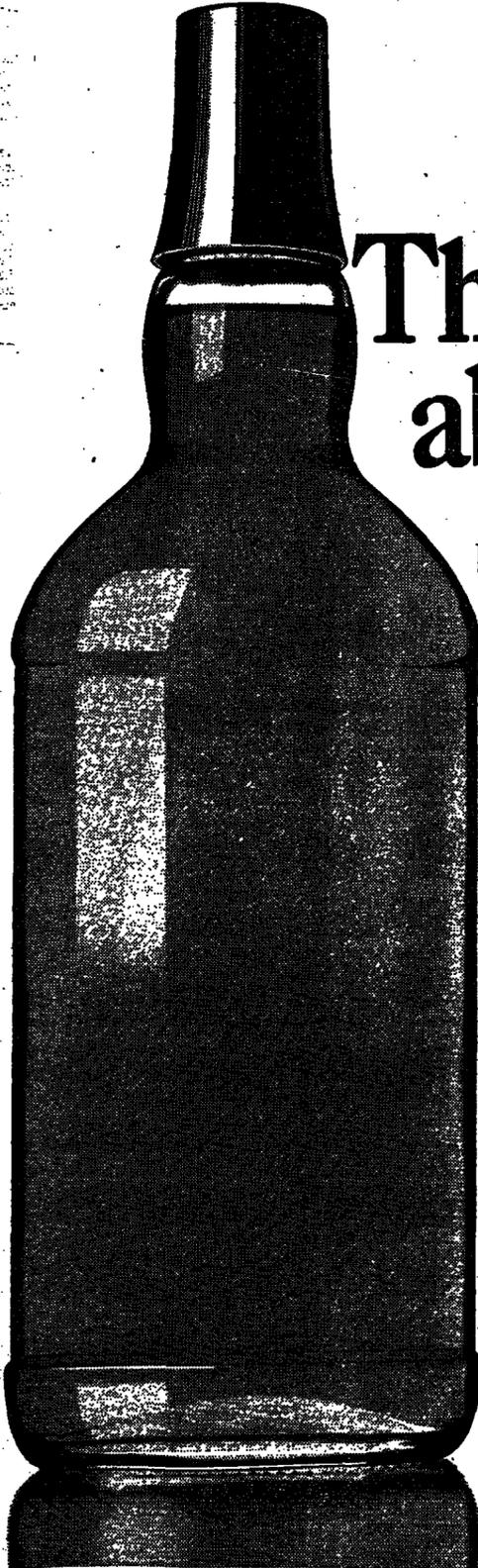
tinuous process, Roblon (British agent: H. R. Carter and Son, 3, Square Street, Wakefield Road, Bradford, W. Yorks. Tel. 0274 28364) builds a range of different machines to produce ropes of various strengths and weights.

The M55 is typical and this is a machine that will strand together at a rate of two turns or twists per revolution of the rotating primary yarn carrier on which are mounted 24 bobbins of rope yarn. These can be used for making ropes of 1/4 to 1/2 in. (4 to 10 mm). When the rope has been wound up to the required length the machine will perfectly cut and close the end and normally a coil of rope will be made about every 30 seconds—depending upon length.

Polypropylene is now the major raw material of the rope trade and on say a 10 mm rope the model M55 is able to produce about 500 kg of rope in an eight-hour shift while on a 4 mm rope the production rate will fall only slightly in weight terms.

The bigger machine—model M66—is for 1/2 to 1 in. (8 to 16 mm) ropes and here the production will range from 250 kg multiple cables in the rope.

Built as a separate module is the Model 320 rope cutter which uses heated knives to cut and seal the ends of the ropes which can be from three to 30 mm diameter and which may be fed into it at 25-50 or 75 metres/minute. The machine automatically measures the required length which can be set in 1 cm steps to a maximum of 99.999 cm. When the desired length is reached it will cut and seal the thermoplastic material, and if the feed is exhausted the machine automatically stops. A feature of the 320 is that the temperature of the cutting and sealing knives can be varied to meet the specifics of the thermoplastic material being run at any time.



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The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

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## ● MATERIALS Withstands high heat

FIRST TWO of a family of thermoplastic polyester resins believed to be among the most rigid engineering plastics ever developed, says Du Pont (UK), 18 Bream's Buildings, London, EC4, have been introduced under the trademark "Rynite".

Performance properties of Rynite, says the company, make it suitable for applications currently manufactured in die cast metals or thermoset plastics. The resins promise to be of particular value in automotive under-the-bonnet applications which are subject to high heat and exposure to petrol, oil and transmission fluid.

Other major applications, resulting from the resins' combination of properties are expected to include appliance bases and handles, power tool housings, structural frames and a variety of hardware and consumer goods.

More on 01-242 9042.

01-242 50

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Jonathan Carr visits a flourishing German engineering company

## Search for a success formula

WHY ARE the West Germans generally so successful industrially and commercially? One suggestion is that they work harder than their competitors, which is often quite difficult to prove. Another is that the country enjoys a relatively high level of social peace, which is true but begs many other questions.

Part of the answer may be found by examining the structure and attitudes of a company. In many ways representative of Germany's industrial strengths. That means taking a largish enterprise in the mechanical engineering sector, with a big and flourishing export business apparently undeterred by the constant rise in the value of the Deutsche Mark. Orenstein and Koppel, headquartered in Dortmund in the Ruhr region, fits the bill well. It also happens to have been pleased with the performance of its sales and manufacturing in Britain.

ship may have changed (O and K is now 50 per cent owned by Estel Hoesch-Hoogovens, the German-Dutch steel group, via Hoesch Werke AG). Two world wars may have reduced the company for a time to almost nothing. But the longer one talks the clearer the line of continuity becomes.

How does O and K feel about the new China trade? What is "new" about that, comes the return question, together with the proud demonstration of a letter from a Chinese building contractor praising O and K machinery. The document is dated October 14, 1968.

O and K's product range reflects this continuity. The lion's share of turnover (which totalled DM 1.13bn, or about \$600m, in 1978, 43 per cent of it from exports) comes from earthmoving machinery of all descriptions. The company produces everything from small, mobile hydraulic excavators to bucket wheel excavators of daunting size, capable of stripping 240,000 cubic metres of overburden a day in open pit mining.

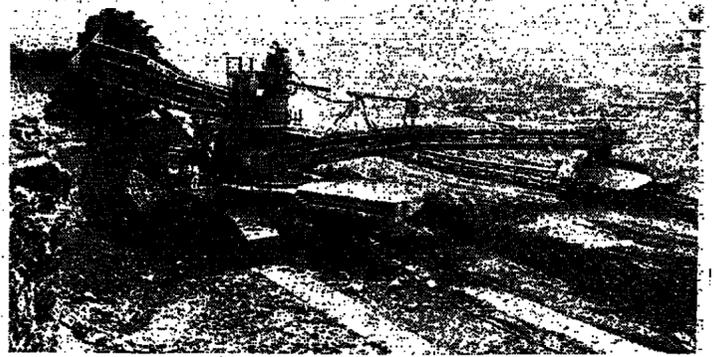
reply, all these activities are related. A client may not want a package deal involving the lot—but O and K's involvement in all makes it easier to tailor an offer to special customer needs, then expand the service as those needs grow. That service can include full cost accounting for every stage from minerals extraction, through transport to final production.

That is very much how the

of a Luebeck-based firm in 1911.

Today the company employs around 11,000 people—most of them at its six factories in West Germany and Berlin. The key factory is at Hattingen, near Dortmund, which makes the gear wheels, gears, axles and hydraulic components for all the others. Bochum has the main spare parts stock, with inventories and supplies controlled from the central computer system in Dortmund. The company says parts urgently requested are generally on their way within four hours of receiving the order.

ment, like new suction heads to dredge metaliferous deposits on the bed of the Red Sea. It also means training and re-training to gain an ever more qualified staff to construct and handle the new, more sophisticated products. However much O and K may extend its manufacturing capacity overseas, the work at the highest technological level is likely to stay at home. Those, it is felt, are the jobs of the future. The embracing of new developments at home, the extension of other levels of manufacturing capacity overseas, and a productive interaction between the two are seen as the only way likely to preserve domestic employment in the long-run.



The largest O & K hydraulic bucket wheel, the SH 430, at the Lukavaka Rijeka Lignite mine in Yugoslavia. All excavators are electro-hydraulically driven.

**Those who see the German industrial 'miracle' as a purely post-war phenomenon are surprised by the emphasis on history and tradition.**

company began. Founded by Benno Orenstein and Arthur Koppel in Berlin in 1876, its first business came from supplying portable, narrow gauge rail equipment to move materials quickly to and from mines and construction sites. The next stage was production of small, side-tipper trucks for quick unloading.

That in turn led naturally to the building of light railway locomotives, then to the realisation that the company could use its engineering expertise to gain business at the mine-site itself. Hence the expansion into earth-moving equipment, then into dredging through takeover

That is all very well, but product range alone hardly spells success. What about the competition—mainly the Americans, French and Japanese? There must come a point surely, at which the rise of the Deutsche Mark will price O and K products—however reliable and well-serviced they may be—off foreign markets. Indeed, might not O and K lose its market share at home to cheaper imports?

In theory perhaps this is so—but in practice it has not happened that way, and O and K clearly thinks that it is not going to do so. The currency question is a problem but not a decisive one. "The key to competitiveness," says Dr. Heusler (an engineer by training) "is to keep your nose ahead technologically. We will always find something new."

That means sparing no effort on research and development—for example on projects for advanced ocean mining equip-

### Labour

That, of course, implies a high level of understanding and co-operation from the labour force and the trade unions. How do you get that? Some have suggested that the German secret is "Mitbestimmung"—co-determination, the drawing of labour representatives into the management of the firm. Dr. Heusler is far from attacking Mitbestimmung, but he insists that it is no miracle worker in itself. Mitbestimmung is as good as the people who are involved in it—firmly including management as well as labour.

How does O and K rate the British labour force? The answer is given indirectly. O and K established its own

subsidiary sales company in England in 1962, then took over the firms which are now O and K escalators and O and K lifts (both in Keighley, Yorkshire) over the next decade. The first was pulled out of the red and into profitability within two years. The second underwent a similar rationalisation to the first—but was able to keep virtually the same labour force because it gained a bigger market share.

O and K Germany does not deny that the initial push and the injection of expertise and funds it was able to give, was decisive. But it points out that the management and labour force of both companies is overwhelmingly English to whom the continuing success is due. The Germans, Dr. Heusler notes, made sure that facilities like washrooms and canteens were brought up to the standard existing in the German factories. In short, conditions had been improved, a good management-staff relationship built up

and the results were satisfactory. Did that mean O and K would expand its English operations? The answer is—it would not mind doing so, but always through relatively small concerns where the problem of a multiplicity of trade unions is not severe.

The other main overseas manufacturing plant is at Dundas, near Toronto, Canada, acquired by O and K in 1974. It also has offices and a central spare parts depot in New Jersey—and all the indications are that O and K is cautiously probing the huge U.S. market, gaining experience for further manufacturing expansion.

### Market

Caution also marks the company's view of trade with China. Not only has O and K been involved with the Chinese market for a long time, but it sees further good opportunities.

But it warns against euphoria, suggesting that there may have been double counting in respect to some of the huge sums for China business recently emerging from enterprises in Western countries. And it points out that the Chinese learn quickly—and hence will be able relatively soon now to manufacture themselves products they at present are seeking from abroad.

What, then, are the watchwords emerging from the company? Training, good working conditions, research, development, product range, after-sales service—based on tradition and laced with caution. Price and currency movements come a long way behind in importance.

It is no doubt a disappointing conclusion for those hoping to find an easy formula for Germany's success, and indeed to help forge an economic miracle outside Germany. The reluctant conclusion can only be that no such formula appears to exist.

### Expected

A talk with members of the O and K Board, including the "spokesman" (in effect executive chairman) Dr. Helmut Heusler, brings the expected emphasis on product quality, computerisation, after-sales service and so on. More surprising — to those who see the German industrial "miracle" as a purely postwar phenomenon—is the emphasis on history and tradition.

O and K is one of those many German companies which still successfully applies principles they did at around the turn of the century. The owner-

Might it not be better to concentrate company activity on one or two sectors at most? On the contrary, comes the



### EMPLOYEE BENEFITS

IN A TAKEOVER, employees generally come well down the list of considerations, while the company pension scheme is usually ignored. This is not surprising, considering that pensions have a low interest threshold. But the financial and industrial relations implications can be considerable.

First consider the effect on the actual terms of the takeover. There have been cases when the considerable outstanding liabilities of the pension

## Pensions in a takeover—the hidden liability

BY ERIC SHORT

scheme have been overlooked. Thus, the acquiring company has found itself saddled with a liability running into hundreds of thousands of pounds that was not taken into account in determining the takeover price. This shows that it pays to check out the financial standing of the pension scheme and look at the last actuarial valuation.

But even more important are the effects that can arise on the members of the scheme being taken over. For simplicity, let us assume that company A is taking over company B.

First comes the comparison of the benefits provided by A's scheme. If B provided better

benefits than A then B's employees are likely to be dissatisfied and are not going to take kindly to moves to reduce benefits.

Pensions have to be paid for and they do not come cheap. Better benefits mean higher contributions and A is not going to be willing to pay more, as a percentage of payroll, to B's scheme than it is to its own scheme. A's members are not likely to be happy with this position either.

But since A will have probably guaranteed employment conditions to B's employees, a compromise is usually needed. Most problems are avoided if A

closes B's scheme to new entrants and runs the scheme down on the original terms, hoping that its own employees will not create a fuss. All new employees of the taken over B company join the main scheme of A.

The problems that can arise in practice are illustrated by the case of General Electric Company. Following its takeover of Associated Electrical Industries in 1967, after a bitterly contested bid, it kept AEI's pension scheme open until 1973.

There was also the ironic situation that certain employees joining the group had a choice of schemes available.

Then, in 1973, GEC, which had about 45 different schemes, decided to rationalise and launched a scheme to meet with the then Tory Government's proposed contracting-out procedures.

AEI's scheme was closed to new entrants and its members were given the option to transfer into this new GEC scheme or remain as they were. This was when trouble arose.

It was now easy for AEI scheme members to compare benefits and decide which was the better course of action. The majority transferred, but a hard core have remained in the old scheme and have opposed all

management attempts to change it. Here was the second source of conflict.

When a member switches, how much of the fund should be transferred? AEI's pension fund was in a healthy financial position with a substantial surplus. GEC claims that the amount transferred should include the transferring members' share of that surplus and says that it has endeavoured to do this by using almost all the surplus to improve pensions and the past service benefits of members of the AEI scheme, including those who have transferred.

The AEI members remaining,

however, claim that the trust deed allows only the transfer of enough assets to cover the transferring members' pension liabilities. It is not yet clear whether this latest move has resolved the differences between the two sides.

What lessons can be learned from the GEC/AEI experience? Let us return to the original example. At the outset, the trustees of B's scheme need to find out exactly what A's intentions are towards the scheme. Expert guidance is likely to be necessary as is a willingness to compromise.

The main lesson is one for the authorities on how unsatisfactory it is to set up pensions schemes under a general trust, which is subject to trust law. General trusts were never intended to cope with the ramifications of an open-ended fund,

managed by lay persons, with money continually coming in and being paid out. The development of pension scheme trust documents has proceeded somewhat haphazardly and there is little case law relating to pension funds.

Much was established in the famous Evans v London Co-operative Society, when a member of the scheme successfully sued the trustees for breach of trust.

Pension schemes are more akin to unit trusts—which are monitored by a central authority—than a family trust.

Unit trusts are under the watchful eye of a special division of the Department of Trade, and the trust deed cannot be changed at the whim of the managers. A similar scheme could surely be devised for pension schemes.

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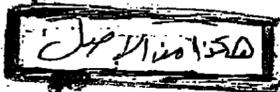
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THE ARTS

Opera House, Helsinki

Romeo ja Julia by CLEMENT CRISP

The renaissance in Finnish opera has concentrated considerable attention upon the lyric stage in Helsinki. The opera's enchanting little white and gold auditorium—just 100 years old, and a beautiful survival from Imperial Russian days when it was the Alexandrinsky Theatre—also houses the local ballet company. This is a troupe which dates back to the early years of national independence, having given its first performances in 1921. Since then the company has developed upon individual lines, albeit the proximity of Leningrad has meant a fruitful and enriching association with the Russian school and repertory. Thirty years ago the Finnish ballet visited the Edinburgh Festival; it has also been seen in Europe and the Americas. International contact serving to stimulate creativity without imposing anything alien upon an essentially Finnish identity in dance and choreography.

Last weekend I was able to see the company on its home ground, and also glimpse something of the activities in its school. For "by their school shall ye know them," and on the foundation of that ideal system of training formulated in Leningrad by A. Y. Vagnova, the present generation of Finnish dancers can stand—and move—securely. In the school (just getting ready for a series of public performances, rather after the fashion of our Royal Ballet School's annual displays) the students revealed not only an open, lyric manner—fluent stretch to the body; sure musical feeling—in classic style; but a readiness to enjoy Graham-inspired Modern Dance, and an alert rhythmic and emotional response to character dancing. Their muscular involvement, the wholehearted and whole-bodied sympathy with the dance, was very rewarding to see.

It is, I feel, important to stress the "Finnish-ness" of school and company. For a nation of some 4½m to boast a ballet-ensemble entirely national in complement and identity, is no mean achievement. It would be unrealistic to expect the grand effects that larger national and international enterprises offer; but the integrity and sense of purpose which I found in the



Ulrika Hallberg as Juliet

Finnish Ballet merits both respect and admiration.

In performance I was able to see the company's *Romeo ja Julia*, an individual and by no means un-Shakespearean response to the Prokofiev score, somewhat abbreviated by cuts, yet still allowing the drama its head. The choreography is by Elsa Sylvesterstern, and she has produced a view of the tragedy which, while stylised in some respects—there is a risqué sequence in which the drugged Juliet danced with Tybalt and Mercutio—is given dramatic force by the liveliness and enthusiasm of her cast. The

setting, by Tove Ahlback, is permanent: a central staircase; skeletal arches; painted panels which are dropped in to indicate changing locales; costume stresses clear light colours, and usually light-weight fabrics. Against this fresh, unassuming background, the drama follows its customary course, given a welcome momentum by the strong involvement of the entire cast's playing. The auditorium is small—it seats under 600 people—and the Finns' dance-acting projects the action without effort; the result is an account of the story which benefits from an

ensemble having both a sense of purpose and an emotional liveliness. The Tybalt (Aki Ahjola) shows how loving and protective is his feeling for Juliet; the roistering nature of Romeo's youth, and the sudden change in his emotion after the meeting with Juliet, are no less clear.

The lovers were taken by two fresh attractive dancers, Ulrika Hallberg has a feet, soaring style, and a more than passing resemblance to Antoinette Sibley in her blonde charm and the clear pulse of her dancing as Juliet. Her interpretation is rather more mature than is usual in the first scene; from the ball-room onwards the airborne ease of her technique, her ability to show Juliet by turns adoring, bemused, desperate, are strong threads in a persuasive and intelligent reading. Romeo, Hannu-Pekka Holmstrom, seems even younger, and in looks recalls Leningrad's new jeune premier, Konstantin Zaklinsky. A dancer with a big impulsive jump (a certain constriction in stage size may well hamper dancers eager to stretch themselves in movement), his very immaturity gives something vulnerable and believable to Romeo, whom the choreography shows caught up in the head-long progress of a first love. At their best in the balcony scene, these appealing dancers capture the innocent bloom of Romeo and Juliet's mutual passion; the surges of feeling and the impetuosity of the score find touching expression in their performance. Elsewhere I was impressed by the tension of the fight scenes—no polite exchanges of sword thrusts, but strong, brutal clashes of blades—and the physical involvement of the whole cast in their roles.

In this, as in the overall spirit of the staging, there is evidence of an approach nearer to that of Leonid Lavrovsky than that of Western choreographers like Cranko or MacMillan—more narrative than psychological investigation. The difference is not one of quality, but of point of view: this Finnish *Romeo ja Julia* still.

(The Finnish National Opera and Ballet will be seen at Sadler's Wells Theatre between June 12 and June 16; the ballet's contribution to the season being three performances of the Sylvesterstern/Khachatourian *Gayane*.)

Television

Eyes Right on the screen

by CHRIS DUNKLEY

Had your impression of the different policies on offer in the election campaign been formed exclusively from television discussions, you might now be assuming that the only effect upon your everyday life to stem from the change in government will be the requirement to pay slightly less income tax and slightly more VAT.

Yet there clearly are fundamental differences in political philosophy between Labour and Conservative parties, and the change to a Tory government will have other quite definite effects upon the daily round, not least in the matter of broadcasting.

True, some of the differences will not immediately, or perhaps ever, become outwardly apparent to the viewer. For instance there will be few positive effects upon the screen of the Conservative determination to scrap Labour's policy of saddling the BBC with government appointed management boards. Yet the decision is a welcome one and the negative effects could well be profound: the boards would have represented a sinister movement towards State broadcasting.

The Tories appear to agree with Labour on the need to extend bureaucracy and set up an industry-wide complaints council, but they seem much less inclined to be mean and manipulative over the BBC licence fee, and are likely to raise it to a level at which it will last for more than a year.

This will please the BBC which has grown increasingly anxious about the leverage afforded to government if licence rates have to be re-negotiated annually. One hopes that as a result the growing nervousness and timidity of the BBC concerning "touchy" programmes will vanish.

The BBC will be sorry but the public may be glad to find the Conservatives licensing dozens of new local commercial radio stations and denying the need for the BBC to match station for station.

Tory faith in private enterprise is also likely to emerge in a decision not to follow the last government's White Paper on Broadcasting and give the Post Office responsibility for cable and satellite broadcasting and for pay-TV experiments, but instead to encourage the commercial cable companies.

Above all, and most noticeable on screen, will be the effect upon the fourth television channel: instead of the new idea of a "publisher" network called the OBA screening programmes from a multiplicity of sources—the idea favoured by the Annan Committee (and this column) and eventually accepted by the Callaghan administration—Mrs. Thatcher's government is pledged to hand the channel over to the existing ITV companies.

There are promises of safeguards for educational and Welsh programmes and for other minority interests. But whereas the OBA would have extended the asymmetry of British television which, with its BBC/ITV shape has proved so beneficial in programme terms, the creation of "ITV2" will destroy the asymmetry and create instead a head-on four-square clash between the BBC pair and the ITV pair. It is hard to foresee anything but an intensified ratings war and an incessant drive towards sameness in programmes and schedules on the American pattern.

However, even more intriguing than the prospect of broadcasting changes directly attributable to the Government is the possibility of other changes in broadcasting resulting from the shifting public mood which produced the new Government. Shall we eventually see broadcasting's centre of gravity moving towards the right? My guess is that we shall, though the process may take so long that it will either be completely out of fashion by the time it has any effect, or may even fail to

reach the actual programmes on screen altogether.

The business of identifying the general socio-political tone of British broadcasting is, of course, fraught with hazards: whatever your conclusion you will be attacked with scorn. Declare as Richard Last did in the Daily Telegraph last week that "Private enterprise is not celebrated on the box every day of the week; indeed in some weeks it is not celebrated at all," and those on the left will fall about in derision.

That is the precise opposite of the truth, they will declare. British broadcasting implicitly and perpetually supports the status quo and unquestionably as a part of it: look at *The Risk Business*, *The Money Programme*, *Enterprise*, *Time For Business*—week in week out they are extolling private enterprise, and the nearest they ever get to questioning the underlying morality of the system, the quizzical look at co-operatives or worker-directors. Moreover (they add) dozens of dramas from *The Planc Makers* and *Mogul to The Brothers and Telford's Change* have always tacitly supported and often explicitly celebrated private enterprise.

On the other hand, those on the right will claim this is less than half the story. Current affairs television and its pre-occupation with the "underprivileged" and the "deprived," and its exposures of sanctions evasion or stories of corruption which show the police in a bad light are clearly biased towards the left, they say. Look at Peter Taylor, Jonathan Dumbleby, Mary Holland, John Pilger—where are the right wing reporters to counterbalance them? Auheron Waugh and Alun Chalfont are allowed a look-in just once in a blue moon for the sake of appearances.

Furthermore, they continue, the school of drama which has included such plays as *Cathu Come Home*, *Dans of Hope* and *The Spongers* has been allowed to get away with overt political proselytising of a sort which has no right wing parallel.

Faced thus with criticism from both sides, the tendency of broadcasting chiefs has been to sit back smugly and declare that they must obviously have achieved "balance." Yet that is a most bizarre conclusion, not just because it is another way of saying "Since so many people think we are wrong we must be right," but because it implies that all social and political attitudes have exactly equal weight and validity and that broadcasting can find its proper place by standing precisely half-way between the extremes.

The pretence is that broadcasting administrators do not occupy morally determined positions, but simply estimate the dead centre and stand there. Yet clearly this is not true. ITV chiefs long ago took the morally determined decision to broadcast *Police 5* without any "balancing" *Thieves 5*. And for years BBC chiefs have been saying that in Ireland the BBC is "not on the side of the gunmen" (and they expect us to know that they do not mean the men of the British Army with their guns).

Yet I suspect the truth is that those who run broadcasting have chosen where to stand, neither by carefully considering moral absolutes, nor by carefully selecting the dead centre of socio-political attitudes, but by deciding where they happen instinctively to feel most comfortable. It is no great surprise to find that they feel most comfortable near to the middle of the sea of public opinion.

It is, anyway, not so much the position of the chiefs as that of the audience which is at issue. For the past 15 years or so this has, of course, been a fashionable place to stand—though whether the history of ITV and ever since Sir Hugh Greene left the BBC, my impression has been, that a significantly greater number of programme makers have stood towards the left-hand side of their chiefs than have stood towards the right. For the past 15 years or so this has, of course, been a fashionable place to stand—though whether the history of ITV and ever since Sir Hugh Greene left the BBC, my impression has been, that a significantly greater number of programme makers have stood towards the left-hand side of their chiefs than have stood towards the right. For the past 15 years or so this has, of course, been a fashionable place to stand—though whether the history of ITV and ever since Sir Hugh Greene left the BBC, my impression has been, that a significantly greater number of programme makers have stood towards the left-hand side of their chiefs than have stood towards the right.

Certainly in social matters—the women's movement and feminism generally, for instance—television has been way ahead of national public opinion, or perhaps moving at a tangent to it. Within the past week BBC's *Connie* about a lesbian sweat-shop worker, ITV's *Daughters of Albion* about three girls from a biscuit factory, and Thames' *Theatre Girls* about alcoholics and drug addicts in a women's hostel vividly illustrated the point.

What we may not know for another five or even 10 years is whether broadcasting's staff intake from the seething universities of the late sixties (the generation now making the programmes) will discover when they in turn start to become chiefs that they have been followed into the business by people from the quietest universities of the seventies—the very generation that psephologists suggest voted unexpectedly heavily for Mrs. Thatcher—and that these new programme makers stand well to their right. Ironically it seems quite possible.

Sadler's Wells

Four Ballets

The present season by the Sadler's Wells Royal Ballet has found the company on its best form, with dancers and repertory looking fresh, well-polished. Last night's programme was no exception—the opening *Les Rendezvous* typifying the current bright state of the ensemble's fortunes. I have not seen this enduring, and endearing piece look better for years, and for the best of reasons. Sir Frederick Ashton has rehearsed it, and Dame Alicia Markova—great original of the leading girl's role—has, additionally, coached the principals. Given this loving treatment, and naturally enough, the dances and the dancers appear at their best—would that every work in both Royal repertories were as honourably treated. From Lois Strike a wonderful account of Markova's role, diamond-bright and subtly nuanced; from the bouncing trio of Nicola Katrak—a sweet young talent—Kim Reeder and Brian Bertscher, a mercurial presentation of that choreographic gem.

Added to the repertory this spring is Michael Corder's *Rhythmic for Reason*, a choreographic debut of real importance from last season, and now entered into the regular programming of the company.

Marion Tait, Judith Rowan, Anya Evans, Carl Myers and Kim Reeder are the cast, entirely excellent. The dances gleam with talent; we have an exciting new choreographic effort in the Royal Ballet—even if it is currently on loan to the Dutch National company.

Two other performances must be singled in this noteworthy programme. Galina Samsova was the young chateleine in *La Fête Etrange*, giving an interpretation of under-stressed but not muted poetry, seeming perfectly attuned to the wintry landscape beyond the terrace wall. (The landscape and the terrace, though, need re-lighting in the opening scene, to catch the pearly, uniform

glow of afternoon). In John Cranko's *Card Game* Stephen Jefferies returned to his old company to play the Joker, the fool, the spirit of mischief, and to rip through the ballet in a manner which would surely have delighted Cranko himself. It is a reading, illuminated by an anarchic wit and such comic resource—as gesture timed to a hair's breadth; every vile trick done with vast enjoyment—that it deserves to be recorded for posterity.

CLEMENT CRISP

Wigmore Hall/Radio 3

String Quintets by RONALD CRICHTON

The European Broadcasting Union's International String Quartet series came to an end on Monday in London, in the Wigmore Hall. The Lindsay Quartet with Simon Rowland-Jones played, not quartets but quintets. Nothing English met many native string quintets (spring instantly to mind) but a touch of knowledgeable sophistication in the choice of a classical programme which earn us good marks among discerning lovers of chamber music in the many countries relaying the concert. The choice was: Mendelssohn's op. 18, the slow movement from Bruckner's solitary Quintet, and Mozart's

K.593 in D. Since chances of hearing the Bruckner are not common, one rather resented being given only one movement, but resentment was lessened because the Mendelssohn Quintet is as rare if not rarer and longer too. One thing emerged clearly and unexpectedly from a radio listener's point of view, namely that Bruckner's G flat Adagio is more transparently written than the Mendelssohn Quintet—though from Mendelssohn's one expects a degree of transparency second only (among the German-Austrian schools) to Haydn or Mozart. Mendelssohn's op. 18 was written, except for

the slow, elegiac Intermezzo, a later addition, when he was 17, but youth with this composer did not preclude extreme technical ability—rather the contrary. The performance may have had nothing to do with it. In the Mendelssohn the Lindsay Quartet had not quite settled down, and though they played with fire (especially in the passionate climax to the first movement) there was, as there usually is at this point of a quartet concert, some slightly sour intonation.

By the time Bruckner was reached the players had passed the uneasy stage, and there was

no mistaking the masterly concision and economy (on the grand scale) of the writing—deep and long study of polyphonic church music transferred sympathetically to the world of stringed instruments. The Mozart of course was transparent—in K.593 he likes to pretend that the five players are really six by the device of working the first viola overtime, first as bottom line of a high trio then as top line of a low one. The finest playing came in the slow movement, where there are flashes of pain worthy of Schubert's C major Quintet and in the irregularly phrased Minuet and arpeggiated Trio.

Gardner Centre, Brighton

The Ballad of the Sad Cafe by B. A. YOUNG

The story that Carson McCullers has to tell is bleak and sad. The hill-billy folk among whom it happens are pretty bleak themselves, seldom using principal verbs in their speech, and then only in the present indicative; and the bleakness of them all is Miss Amelia Evans, who sells liquor to the men and uses the profits to buy up all the land she can. Miss Amelia is played by Barbara Jefford, coiffed and dressed like a truck driver. The arrival at her house of Cousin Lyman, a lively little hunchback, who takes an immediate and incomprehensible shine, brings so many neighbours to her store that it becomes a kind of cafe, where she sells food as well as liquor. But an equally unexpected arrival is that of her former

husband Marvin Macy. Their marriage, after two years' courtship, lasted ten days, after which Marvin, the wedding brutally unconsummated, took off and went to jail for robbing filling-stations. Now he is back, and the outlook is menacing.

Miss McCullers' tale was written as a novel and Edward Albee has had a hard task turning it into a play. There are some fascinating people to watch, and Miss Jefford, Christopher Ryan as the simian little hunchback, and Norman Bowler, all ungraceful power like a steam-roller, do them with much more credibility than one might expect, given the foreign nature of the subjects. There are some telling scenes, culminating in a prolonged wrestling match between Miss Amelia and Marvin, which Miss Amelia (a

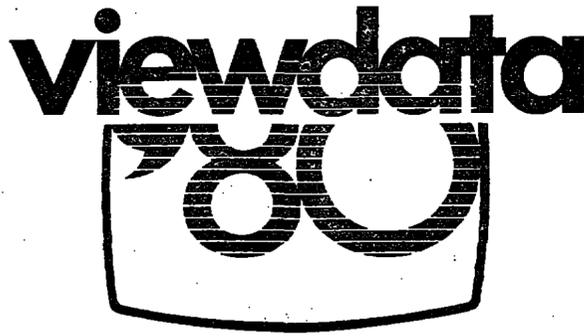
pretty dirty fighter) comes close to winning. There is true pathos in Cousin Lyman's switch of loyalties.

But Mr. Albee has had to rely on a narrator for his continuity, and a narrator of the most tedious kind, who not only sets the scenes, but jumps in as they proceed to make footnotes on what is happening. For some reason the part has been given to George Pravda, who is a fine actor and looks OK, but whose Czech voice gives an irrelevant touch of Hans Keller introducing a music programme on Radio 3.

Mr. Albee has also to populate the stage with extra characters representing the men in the hot, dusty street, and they take up most of the first act with detail that may be great on the page, but in the

theatre is too clearly the kind of introduction that in song sheets used to be marked "till ready." We are not ready until the start of Act Two; and even then we need a flashback.

John Halle has devised a suitably bleak composite set showing the outside and inside of Miss Amelia's premises at once, though I should have liked a harsher light from John Eden Green, and a generally increased feeling of dust and heat. Patrick Lau, the director, has the pace exactly right—never more so than in the scene where Miss Amelia, having received a stammering proposal of marriage from Marvin, garnished with a bunch of wilting swamp-flowers, pauses for half a minute, scratching her armpit reflectively, before her romantic reply, "Sure."



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# FINANCIAL TIMES

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Wednesday May 9 1979

## The need for Euro-voters

IN UNDER one month's time, British voters will be invited to return to their polling stations to vote in another election. It must be doubted whether very many of them are yet aware of it. Political activity in the UK over the past few weeks has concentrated almost exclusively on last week's general election, and its outcome is still the main talking point. The general election's timing has further complicated the already difficult task of all those trying to stimulate interest in the first EEC-wide direct elections to the European Parliament, due to be held in Britain on June 7.

### Business view

Yet the European election campaign is now officially under way. An EEC-financed information programme, held up by the general election, is about to be launched, and this week sees the final Luxembourg session of the outgoing European Parliament, whose members were "indirectly elected" by national Parliaments. Yesterday the Confederation of British Industry entered the fray with the publication of a pamphlet on business views on the way ahead in Europe, which is to be sent to each prospective British Euro-MP.

It is clearly going to be an uphill struggle to arouse public interest between now and June 7. A private poll commissioned by the European Parliament last month appeared to reveal a high degree of apathy in the UK. Almost 40 per cent of those polled had never even heard of the European Parliament and only 4 per cent knew the election date. With constituencies ranging in size up to well over half a million voters, it is not going to be easy for individual candidates to put their message across to a major proportion of the electorate in person.

### Public be aware

Yet it is important that the public should be aware of the significance of the vote on June 7. The European Parliament has often been derided as a "talking-shop", and that is the way it has often been treated. Marketeers would like to keep it that way. The French Government insists, as did the British

Labour Government, that direct elections will not lead to any increase in the Parliament's powers. That may be true in the short term. But it is inconceivable that the new directly elected MPs will calmly accept that their role should be dictated to them either by the member Governments or by the Community's other institutions. They may even welcome a confrontation with the inter-governmental Council of Ministers to prove their point—particularly as they could well gain the sympathy of governments such as those of West Germany, the Benelux countries and Ireland.

Three factors should be borne in mind. First, the Parliament already has powers—such as the right to reject the entire Community budget and sack the Commission en bloc—which have yet to be fully exploited. Second, the Parliament's influence has been slowly but progressively increasing over the past decade—particularly through more insistent public questioning of Ministers and Commissioners. Third, the new Euro-MPs will want to break new ground without waiting for an increase in their powers to be formally approved. They are likely, for instance, to strengthen their committee system, develop the idea of holding hearings on the use of the U.S. Congress and, last but not least, decide to meet much more often than the present 11 weeks a year.

### Legitimacy

Such developments should be welcomed. It would help to provide the Community's institutions with the democratic legitimacy which they have often been criticised as lacking. It should involve more of Europe's citizens in decisions which in the past have often seemed imposed and remote. It should also help to give the Parliament a more dynamic role in discussion of the whole direction in which European integration is heading, at a time when fresh ideas could inject a new stimulus. All of this makes it essential that the turnout in Britain on June 7 should be as large as possible. If British Euro-MPs are to play a credible part in the new Parliament, it is important that they should have convincing backing from the electorate.

## Israel and the Lebanon

ONCE AGAIN the Lebanon has become the hapless victim of the war of attrition between Israel and the Palestinians. Originating in the sea-borne raid by guerrillas in which four Israelis were killed on April 22 at Nahariya, the latest round of violence is all too familiar and reminiscent of the events that led to the Israeli invasion of Lebanon in March of last year. The UN force sent to fill the vacuum in the south of Lebanon has proved itself incapable of preventing Palestinian provocations not the least because the guerrillas' artillery pieces have the range to reach the north of Israel. Once again Israel has brought the weight of its military machine to bear in retribution. In doing so it has heightened the tension in the region and, specifically, the danger that Syria might be dragged into a conflict not of its own choosing.

### Inevitable

Coinciding with the formalisation of the Egyptian-Israeli treaty, the latest confrontation could be seen as a bleak comment on it. Intensification of Palestinian terrorism was an inevitable response to the pact. It had already come in the form of a series of bomb explosions on the West Bank and in Jerusalem as well as incursions across the land border. The Nahariya operation was a futile one—and despite the senseless loss of life—could only be regarded as a mere pin-prick in military terms. Predictably, Israeli retaliation to the original attacks and subsequent artillery bombardments has been heavy in proportion to the strength of its war machine.

However, the retaliation will prove equally futile in achieving the Israeli objective. Vengeance apart, that is nothing less than the suppression of Palestinian political expression and armed strength. The Palestinian problem is intractable and perhaps insoluble as long as the mainstream movement led by Mr. Yasser Arafat refuses to recognise the right of Israel to exist within secure and recognised borders. Israeli strategy has always been to make life intolerable for any government or country harbouring guerrillas.

It worked with Jordan a decade ago, but cannot succeed in Lebanon, an entity fatally fragmented by the 1975 civil war and only held together by

the Syrian troops who are all that remains of the original Arab joint peace-keeping force.

President Hafez al Assad of Syria, like some other Arab leaders, would no doubt be relieved if the Palestinian problem were to evaporate into thin air. As it is, his regime can hardly be expected to comply with Israeli wishes when Mr. Menahem Begin, having secured a bilateral deal with President Anwar Sadat of Egypt, has totally ruled out the return of the occupied Golan Heights as part of a comprehensive settlement and thus effectively destroyed any faint hope that Syria might at some point join in the U.S.-sponsored "peace process."

In the circumstances Mr. Begin's offer of a peace treaty to President Elias Sarkis was not only somewhat theatrical but also illogical. He accompanied it with a call for the removal of Syrian troops from the country when he knows as well as anyone that the country would fall into anarchy if they departed. Almost in the same breath the Israeli Premier referred to Mr. Sarkis as a "Syrian puppet." In reality Mr. Begin's hope would probably be that in the absence of Syrian troops right-wing Christian factions would triumph in renewed civil war with Israeli backing and a regime would emerge willing to enter into a separate peace agreement. But that would not solve the Lebanese problem.

### Self-determination

To say the least, the flare-up does not augur well for the negotiations between Egypt and Israel, with U.S. participation, or autonomy for the inhabitants of the occupied West Bank and Gaza Strip. In advance of the talks scheduled to start later this month Mr. Begin has refused to contemplate Israel giving up control of security or the "right" of Jewish settlement which his Government is relentlessly pursuing.

Even though he is ostracised by nearly the whole of the Arab world, Mr. Sadat cannot ignore neither Israel's nor the substance of Palestinian aspirations for a homeland. The U.S. has been only mild in its criticism of the force of Israel's retaliation. The onus lies heavily upon Washington to restrain its client and to induce it to think in terms of a more meaningful form of Palestinian self-determination than has so far been envisaged.

## IF PRESIDENT CARTER and Soviet party chief Leonid Brezhnev sign a Salt II agreement they will also give a powerful ally to the almost forgotten MBFR (mutual and balanced force reduction) talks in Vienna between 12 NATO and seven Warsaw Pact states.

Even a Salt II accord would not automatically produce a breakthrough at the deadlocked MBFR negotiations, which formally opened in Vienna 5 1/2 years ago. But both Eastern and Western sources close to the talks believe that without a Soviet-U.S. deal on strategic arms limitation there can be no real progress in the foreseeable future towards a mutually acceptable compromise over the reduction of military manpower and hardware in Central Europe.

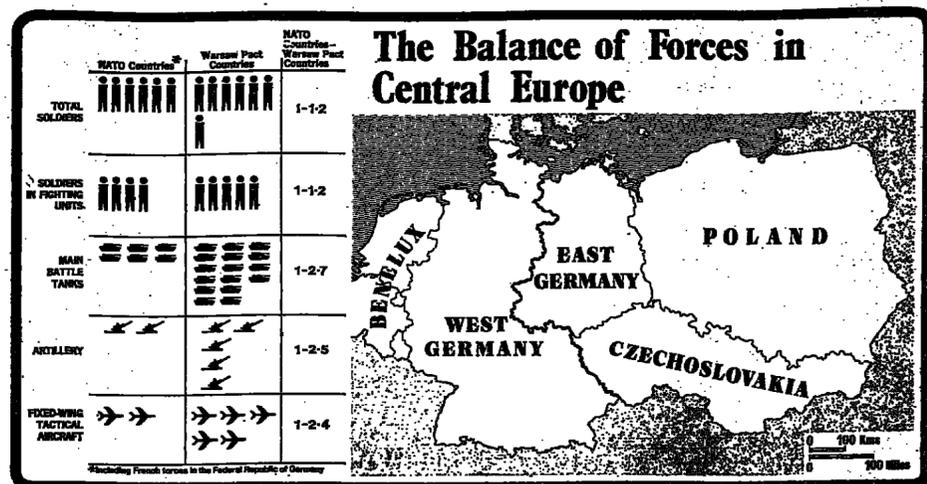
After 201 plenary meetings in 17 rounds of negotiations, the two sides are still far apart even on the central issue of just how many soldiers the Warsaw Pact has facing NATO in Central Europe, with NATO insisting that there are 150,000 more troops there than the East would admit to. Profound disagreements also remain over the principle of "parity" and structure of what is officially described as "mutual reduction of forces and armaments." The so-called associated measures necessary to monitor the implementation of any agreement are also bound to be a hard nut to crack. Yet given sufficient political will on both sides, this seemingly hopeless exercise, now bogged down in haggling over disputed manpower figures, almost overnight could become a crucial element in the quest for detente.

## Political factor

Far from dwindling in importance, the talks recently have become an important factor in German politics and their outcome will also have a major impact, in one way or another, on the security interests of all the European countries.

In order to understand the claims and counter-claims presented at the once-weekly plenary meetings, it is necessary to translate the conference jargon into plain English. Thus, for example, speaking on behalf of NATO at a Press conference before the Easter recess, the Dutch chief delegate, Ambassador de Vos, singled out "parity," "collectivity" and "data discrepancy" as the central issues. What, then, do these terms actually mean?

To start with, any future possible agreement would affect, on the Western side, forces stationed by the U.S., Canada and Britain in West Germany and the Benelux states, as well as the troops of those states. It is the Benelux countries and West Germany which comprise the Western forces reduction area. On the Eastern side, any



agreement would affect the armies of East Germany, Poland and Czechoslovakia as well as the Soviet troops stationed in the three countries (but significantly not in Hungary, which is not in the Eastern reduction zone). From the very beginning, the two sides have disagreed on how to interpret the principle of "parity" of ground force manpower and the meaning of a common collective ceiling on soldiers and airmen from each side.

NATO maintains that there is a Warsaw Pact superiority of 150,000 troops and over 10,000 battle tanks in the central region. However, the East replies that there is a historically established approximate equilibrium of armed forces in Central Europe. Warsaw Pact negotiators for their part complain that NATO, after 10 months, has still failed to give a real answer to the East's proposals of June 8 last year. These, for the first time, accepted the West's call for common ceilings of 700,000 men in ground forces and 280,000 in air forces. The Communist bloc even agreed to make slightly bigger cuts than NATO, offering to withdraw 105,000 troops including in Phase One, 30,000 Soviet soldiers, in exchange for a NATO cutback of 91,000, including a first-phase reduction of U.S. forces by 14,000 men.

The crucial point, however, is that in order to achieve what the West likes to call "genuine parity" the Warsaw Pact would have to reduce its ground forces in Central Europe by not 105,000 men, but 262,000. This is why the Eastern bloc spokesmen keep complaining that the West still seeks "asymmetrical" reductions requiring the Warsaw Pact to make numerical reductions three times larger than those of the West. In Communist parlance, this

would be incompatible with the principle of "undiminished security." But above all, it is claimed time and again by the East that the Western estimates are completely off the mark and that the "simplest" way out of the impasse is for NATO to accept the official Eastern data. During the last two rounds, however, NATO for the first time presented altogether 18 items of data on the components of Soviet, Polish, East German and Czechoslovakia major formations. It is understood that about 80 per cent of the "missing" 150,000 men are shown to be in Soviet and Polish units. According to reliable sources, refined NATO intelligence estimates reveal that the Soviet combat formations in the area include almost 80,000 such "phantom soldiers" and that the strength of the Polish divisions is also understated by over 40,000 men.

The Warsaw Pact so far has refused to present its own detailed data. It is important to remember that on this issue the two sides quarrel only over the real or perceived strength of the Warsaw Pact forces. The data about NATO and its national components are public knowledge, and no really difficult to believe that the East will move on the sensitive data issue without agreement being reached on other related issues.

## Principle of 'collectivity'

Another main bone of contention concerns the principle of "collectivity."

On December 13 last year, NATO tabled proposals which some observers regard as going dangerously far in meeting Eastern demands. The West

still insists on a first-phase reduction affecting only the U.S. and Soviet forces (involving also a trade-off between the 1,000 U.S. tactical nuclear weapons, 54 F-4 Phantom aircraft with nuclear capability and 38 Pershing missile-launchers for the withdrawal of 1,700 Soviet tanks).

## Individual assurances

However, NATO is now ready to offer precise individual assurances by each NATO member apart from the U.S. for Phase Two reductions, even prior to the signature of the Phase One accord affecting only U.S. and Soviet withdrawals. The point is that in contrast to the collective reduction commitment binding the Alliance as a whole, the West refuses to accept legally binding commitments for each national army. For the West, the key issue is the ceiling on the Soviet forces. For the Soviets, however, the main goal remains some kind of limitation on the West German Bundeswehr which, with 340,000 men, constitutes the largest single army in Central Europe. The East's package deal offered last June stipulated that no country could increase its forces above the level existing before the reductions, nor would any direct participant be allowed to replace more than 50 per cent of the forces withdrawn unilaterally by an ally. This means, in effect, that West Germany would be forbidden to increase its strength over 340,000 even if other NATO partners made unilateral cuts and even if the common collective ceiling of the Alliance as a whole remained unchanged. In contrast, the Eastern scheme provides a convenient escape hatch for the Soviets. Two satellite

armies could be reduced in two separate phases and the Soviets each time could replace 50 per cent of the troops withdrawn by the satellites, thus smoothly returning to the original force levels which existed prior to an MBFR agreement.

As West Germany's Foreign Minister, Herr Hans-Dietrich Genscher, recently put it, a special status for the Bundeswehr could mark the beginning of a process leading to its detachment from the integrated defence organisation of the Alliance. It is often overlooked that, from the Soviet side, the real opposite number and main adversary at the talks in Vienna is not the U.S. but West Germany. All of the Federal Republic is part of the forces reduction area, with the entire Bundeswehr potentially affected by future reduction agreements. In contrast, the U.S., Britain or Canada at any time could increase their forces stationed outside the reduction area.

This is also the reason why the emergence of the MBFR talks as a growing factor in the domestic politics of West Germany is privately causing increasing concern to other NATO negotiators. Recent statements by Herr Herbert Wehner, leader of the German Social Democrats in Parliament, and by Herr Alfons Pawelczyk, an influential left-wing MP of the same party, which criticised negotiating tactics and demanded quicker progress in Vienna, have undoubtedly weakened the Western bargaining position at the very time when the Soviets, at any rate in informal talks, have begun to take a more realistic view of the Western position.

"Thanks to NATO, the East Europeans at least know just exactly how many Soviet troops are stationed in East Germany, Poland and Czechoslovakia, a Western diplomat

remarked sarcastically, "but in an Eastern conference cannot put it." "The West should not forget nor underestimate the fact that, after all, we are now discussing military data which only a few years ago would have been regarded as treason."

The overriding issue is the massive Soviet military presence in the heart of the continent. This is why NATO, in its first major move in 1975, sought to trade off nuclear delivery systems for the withdrawal of an entire Soviet tank army of 68,000 men and 1,700 tanks. In April, 1978, the West made an important concession suggesting that instead of withdrawing a tank army from East Germany, the reductions of the 68,000 men and 1,700 tanks could be made wherever the Soviet Union chose. In June last year, the East accepted the idea of a nuclear trade-off, but offered only 1,000 tanks in exchange.

Meanwhile, however, rapid Soviet advances in developing "grey area" nuclear systems, including medium-range SS-20 missiles targeted at Western Europe without being subject to an MBFR treaty, have shifted the nuclear balance against the West. NATO's so-called "comply-or-choose" nuclear offer could be overruled, since it could restrict its ability to deploy new nuclear systems to match the Soviet SS-20 missiles. Some influential NATO officials, therefore, would prefer a review of the nuclear trade-off and opt for a more modest deal concerning only ground force manpower.

## Exit and entry points

Next, the two sides will have to grapple with the issue of control and compliance measures such as mandatory exit and entry points for troops, the notification of military movements in advance and the access of inspection teams to East European territory. Such confidence-building measures are vital to limit the ability of each side to launch an attack without a prior build-up of forces.

A SALT II agreement would certainly give a jolt to the grinding MBFR talks. But it could also spark off pressures to prepare an agreement in great haste and even at the price of sacrificing hitherto "indispensable" principles concerning parity and future security. Even a comprehensive agreement would little change the East's basic strategic advantages, due to the relative nearness of the Soviet Union to the stage of potential conflict and the distance from it of the U.S.

Thus it depends on not only the political will, but also strong nerves and cohesion of the Western Alliance, whether an MBFR agreement will make an important contribution to military security and political stability in Central Europe.

## MEN AND MATTERS

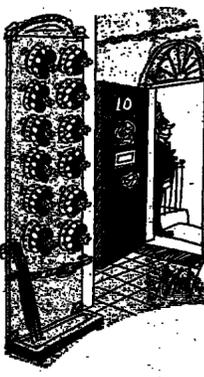
### 'Mr. Save-it' back in Whitehall

The man chosen to lead Thatcher's war on waste, Sir Derek Rayner, will feel quite at home in the corridors of Whitehall. A joint managing director of Marks and Spencer, he was "lent" to Heath in 1970 to look into the buying policies of the Ministry of Defence. The businesslike report which followed led to the establishment of the Procurement Executive, which brings together all purchasing decisions and is responsible for an annual budget of about £1.26bn.

One reward was a knighthood in 1973, another was a salary of £15,000. But his new and somewhat vaguer position as personal adviser to the Prime Minister on government waste is—apparently—less unattractive.

A 53-year-old bachelor who at one time intended to go into the Church, Rayner is a forceful and clear-headed character. One view he is known to hold strongly is that Permanent Secretaries cannot be held liable for everything everyone does under them: He feels that responsibility should be pushed down the line, and that officials should have the same motivation and concern for customer satisfaction as the manager of an M and S store.

Apart from his earlier Whitehall experience, another Rayner recommendation is precisely his connection with M and S. Thatcher made glowing references to its efficiency throughout the campaign.



interests, are planning a glossy monthly, entitled Panache. Meanwhile, what of Time and Tide (founded 1920), the once-distinguished Liberal weekly? It is the only remaining publication in the TEF stable, and slips out inconspicuously once a month. "No final decision has been made," I was told cautiously by manager Don Eglington. "But we shall be putting the emphasis on the new magazine."

Shock was expressed when I asked that the glossy would be distributed through TEF hotels. But Eglington agreed that the group would be "ideally placed" to put it in the hands of likely subscribers and advertisers.

The editor is an American-born woman journalist, Leslie Field, and the first issue is due out in November. By that time, I sense, the tide will have finally gone out for the journal which once lionised Lloyd George.

### On with the new

The ventures of Sir Charles Forte into magazine publishing have been somewhat nervous so far. The main accomplishment has been to acquire the Investor's Review (founded 1892), then dispose of the title to the Investors Chronicle. But now comes the news that the Trust Houses Forte "magazine

on the screen, I fancy the tension among the Rank executives must have been greater. This is Rank's most expensive production for 13 years, a £5m investment of its own money.

Over the past decade Rank has run down its film-making side, apart from cheap "Carry On" comedies. But when EMI started to roll in the money from lavish international successes like Murder on the Orient Express, and Law Grade showed how films and U.S. television could be profitably harnessed together, Rank acquired fresh confidence. Two years ago it switched Tony Williams, then 34, from the exhibition side to production, gave him an annual budget of £4m, and told him to get on with it.

Williams has settled on a policy of making films appealing to a broad age-range and to a worldwide market. Of the six he has approved to date, three—The 39 Steps, Riddle of the Sands, The Lady Vanishes—are old-fashioned exciting yarns. The first already have good financial omens, but The Lady Vanishes will be the crucial test.

### Milk Street man

The one-time chronicler of the 1922 Committee, Philip Goodhart, will no doubt feel some regret at having to relinquish the position he has held for 19 years as its joint secretary. In his new capacity as a junior minister for Northern Ireland, Goodhart, 53, is automatically barred from membership.

Considered the most influential backbench body at Westminster, the 1922 Committee has been a force to be reckoned with ever since it came into being at the time of the Tory-inspired overthrow of Lloyd George.

Street of Edward du Cann, the committee executive earned the name "Milk Street MaMa." Goodhart was merely reflecting the views of the Parliamentary party in forcing the issue: "The election of Margaret Thatcher was not inevitable; the departure of Ted Heath was."

### Guessing games

The state of affairs in South Africa may not be changing fast enough for everyone, but there is plenty of flexibility down there in the use of names. Dr. Piet Koornhof, Minister of Plural Relations and Development, has transformed his department into Co-operation and Development. Only a year ago it was called Bantu Administration and Development. Before that it was simply the Department of Native Affairs.

Even worse have been the problems of Fanie Botha, Minister of Labour. At a press conference last week he could not remember the proposed name of his new department (to be entitled Manpower Development). In a slip which may have indicated his own preference, and certainly reflects South African Labour laws, he said it would be the Department of Management. But even when he gets the name right, he must face up to the acronym by which it is sure to be known: MAD.

### Fish tails

I am looking forward to a reception in Bloomsbury Square today, to which I have been kindly invited by the Atlantic Salmon Research Trust. The trust wishes to tell me about three to the well-being of their favourite fish. "There'll be smoked salmon to eat," an organiser told me enticingly. Was there not some contradiction in this menu? I asked. "It's the only thing that goes with champagne, isn't it?" she replied.

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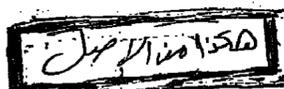
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Observer



British skills lead the way

# Viewdata systems

By Max Wilkinson

THE NEXT few months will be an anxious time for the many people who have now invested time and effort in the future of viewdata, the world's first electronic publishing system.

The idea has been developed and refined for nearly a decade and is now ready to start on its first commercial journey. But exactly when it will take off and how fast it will travel towards profits and public acceptance, are still very much open questions.

The British Post Office, which pioneered the idea, launched the first public viewdata system which it calls Prestel at the end of March. But so far, despite considerable interest and some 4,000 inquiries, not much progress has been made towards setting a public service off the ground. This is mainly because television set makers are not yet ready to produce the adapted receivers which will be needed for Prestel.

Viewdata systems, of which Prestel is the pioneering example, are designed to convert the domestic television set into a terminal which will display words and graphics rather than motion pictures with sound. The set is linked through the ordinary telephone service to a central computer which can store hundreds of thousands of pages of information ranging through timetables, stock market prices, theatre guides, reviews, news and encyclopaedic information, to games, quizzes and advertisements. In fact almost anything which is at present published in books, magazines or brochures can in principle be published electronically by viewdata. However, the size of the screen limits the number of words which can be shown on each electronic "page" or frame, so that it is unlikely that the viewdata would ever replace

lengthy books, and it probably would not be a substitute for very long newspaper and magazine articles, at least within the present technological horizon.

Viewdata's great advantage over all conventional means of publishing is that it is "interactive." That means the user can communicate with the computer which is storing the information, not merely to request further pages, but to answer questions, play games and quizzes with the computer or to do his own tax and mortgage calculations on the system. It is even possible for a user to make a direct purchase by supplying his credit card number in response to an advertisement. The computer would automatically forward the number to the advertiser which could then send the goods. Viewdata could also be used to send bank statements to customers and for many similar transactions.

## Automatic

To operate the system, a user needs a specially modified television set and, of course, a telephone. The set is supplied with a remote control keypad, which looks rather like a pocket calculator.

By pressing a few buttons the set can be made to dial up the computer automatically which

will first flash an index onto the screen.

In Prestel, the user finds the page required by moving through a series of indexes arranged in a "tree" structure. Any particular page can also be found by looking up its number in a directory and pressing the appropriate keys.

Prestel was designed by the Post Office to be extremely simple to use and as cheap as possible. So, although it is a computer information system, it uses no computer jargon and is intended eventually to be available at a price which a high proportion of people could afford in their own homes.

Information for the system comes from a group of independent organisations including publishers, official bodies, advertisers and agencies, which the Post Office has called information providers. They pay a fee to the Post Office for the use of the computer storage, and recoup costs from the users who pay them anything from zero to 10p for each page which is inspected. These charges are added up automatically by the computer.

Although Prestel was designed primarily as a public information medium, the system will accommodate closed groups of users who wish their information to remain private within the

group. These groups will be allocated storage space in the main computer alongside other information providers. But only those users which know the correct code number will be able to gain access to the files. Closed-user groups may include individual companies, professional groups, club societies and even hobbyists.

Prestel is much the most important viewdata system in the world at present, and it is discussed in more detail in a subsequent article. However, the Post Office made it clear from the start that it did not intend to operate viewdata as a monopoly, and already a number of different systems based on the same basic idea are being developed in the U.K.

It is possible for anyone to set up his own viewdata system. All that is needed is a suitable mini-computer and connections to the telephone network. Then, provided the system uses the same display format as Prestel it can be dialled up by any Prestel receiver.

In the UK both Philips and the General Electric Company have announced that they will supply equipment for setting up private viewdata systems, and other manufacturers, including Thorn and International Computers have set up private systems.

Private systems can be expected, initially, to fall into

two broad categories. The first type will be for use in large companies for internal information purposes, ranging from internal telephone directories to sales prices stock lists, and even the engagement diaries of executives.

Many of these large companies will already have computer systems, so why it may be asked, should they wish to buy a viewdata system as well? The main reason is that viewdata is highly specialised and designed to be very much cheaper than most other computer systems.

## Ideal

A viewdata network is intended almost entirely for publishing information with the minimum of computation involved.

It is especially suited, therefore, to supplying basic company data like parts lists and availability to a sales force spread through many different locations.

If Prestel sets become common throughout industry and commerce, a salesman could dial up his own company's viewdata system from most customers. Whitbread, the brewer, has already ordered such a private system from GEC.

The second major category

will be of specialised groups which want to take advantage of the relative cheapness of viewdata, but cannot be accommodated on the Prestel system. An example is the Stock Exchange, which is developing a system for its members to show up-to-date market prices.

This system, called the Exchange Price Information Computer (EPIC) is intended to replace the present black and white system in which prices are displayed on one of 22 separate channels. The present system is limited to the information which can be displayed on 23 different frames (one for each channel). But a viewdata system is indefinitely expandable. It can store hundreds, thousands or even hundreds of thousands of pages without difficulty.

Moreover, a viewdata system can show words and figures in colour, so that price changes and especially significant information can be highlighted.

The Stock Exchange has chosen to develop the new EPIC independently of the Post Office, because the 2,000 sets of its members will need to be connected to the computer almost continuously.

This means that special links with the computer will be needed, as well as special facilities to enable the market prices

to be updated while they are being displayed on a user's screen. This would not be possible on Prestel, because it has been designed for more general application in which stored information will need to be updated only a few times a day at most.

## Development

Without doubt, similar specialised viewdata services will be developed for other uses, for example in commodity broking, banking, insurance and the money markets. All viewdata systems will, however, need to be compatible with Prestel if they are to take advantage of the economies of scale which it is hoped will result from using domestic colour television sets as the basis of the terminals.

Most sets installed for private systems, will therefore be able to receive Prestel as well, and (a bonus which should not be mentioned too loudly) they will also be able to receive Wimbledon and the Test matches.

Although viewdata's main strength is in electronic publishing, the system will, before long, merge into more advanced computing functions, mainly because of the rapid development of small low cost personal computers.

CONTINUED ON NEXT PAGE

The first generation of viewdata terminals will have limited memory and no computing power. They will merely be able to call up one frame at a time from the central computer and remember it even when the phone link is severed.

However, the next step will be the development of "intelligent" viewdata terminals with independent computing power and memory. A micro-computer costing only a few pounds and memory components could easily be added to the television set. This would allow it to store a large number of frames of viewdata information, for example market prices or timetables, and then make its own calculations on the data.

Thus, an investment manager could undertake his own portfolio analyses or a travel agent could use a small computer to plan customers' best routes, on the basis of viewdata information obtained perhaps once a day or once a week.

Several home computers, including Commodore's PET at a starting price of about £500, Apple, sold by IIT in the UK, and a new machine expected soon from Texas Instruments would be suitable for this type of application. A range of new terminals can therefore be expected, from television sets with their own microcomputer included, boxes which plug in to an ordinary set like Apple, and complete units with a small black and white screen like PET.

In addition, present manufacturers of computer terminals, small office computers and word processors can all be expected to modify their equipment so that it can receive viewdata.

Special business sets in black and white only are being developed by GEC, Standard Telephones and Cables and Pyle. And the Post Office is itself considering whether to launch a simple adapter costing perhaps £100 which would convert existing sets into viewdata receivers, simply by plugging into the aerial socket.

It is clear, therefore, that the basic viewdata concept is capable of being adapted to a wide variety of purposes ranging from those of the sophisticated business user to the ordinary householder, for whom Prestel may be seen at first as simply another consumer gimmick.

In the longer run, however, it is hard to resist the conclusion that viewdata is capable of having a major impact on society as a new publishing

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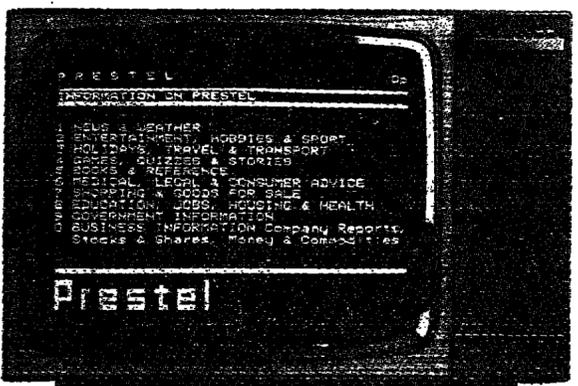
This is how it works.

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We then connect the television to your telephone.

Each television comes with a small remote control, rather like a pocket calculator. (We call it a keypad.)

On it, you'll find a series of numbered buttons.



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You simply ask the computer questions by pressing the number on your keypad relating to the information you want.

Then up pops the answer on your TV screen.

It'll take you literally minutes to learn how to use it. And then you'll be able to get the information you want in seconds.

**How much does it cost?**

Needless to say, a Prestel set is more expensive than an ordinary TV.

But beyond the initial outlay, you pay for the service only when you use it.

And that's the cost of a local telephone call, plus a small usage charge and the cost of the piece of information on the screen.

That varies from nothing to several pence per page.

Which makes it one of the most cost effective information providers in existence.

Any time you want to know your exact bill to date, there's a page that'll give you that up to the minute information as well.

'Up to the minute' is the key phrase in fact. Because unlike the guides you buy in book form that quickly date, Prestel can provide the very latest information.

**When can I have it?**

As we said earlier, the Post Office has been offering the Prestel service to residential customers throughout London since March.

This is a preview of the full public service which later in 1979 will first be extended to London business users, then on to Birmingham, Manchester and Edinburgh and then followed by the rest of the country.

For a list of the selected showrooms where you can see Prestel demonstrated, please send the coupon below (no stamp needed) or dial 100 and ask the operator for Freefone 2043.

Then we can tell you more about the biggest breakthrough in communication since the telephone and television.

W. B. Morley, Prestel Marketing  
Freepost, Cambridge CB2 1BR.  
I want to know more about Prestel.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

**Prestel**  
The Post Office Viewdata Service.

## VIEWDATA SYSTEMS II

## Big plans to extend Prestel service

THE OFFICIAL launching of Prestel, the Post Office's viewdata, as a public service on March 27 was something of an act of faith. It generated considerable interest, but not much more, because adapted television sets needed to receive the service will not be available in volume until at least the autumn—and possibly not until 1980.

One month after the launch the Post Office said there had been 4,000 inquiries by people who were interested in being connected to the service, but a spokesman said: "We don't know whether that is a little or a lot, since we have never launched a Viewdata service before."

The response, in fact, is difficult to gauge because very many people know that they have no prospect of being connected to Prestel at least for several months. Real interest in the system will not be accurately gauged until the manufacturers, and hence the providers of information, are ready to launch a promotion campaign in earnest.

The key to producing sets at a low cost will be the availability of advanced micro-electronic components which are now being developed by Mullard (the Philips subsidiary), Texas Instruments and by the General Electric Company. If these chips can be successfully produced in ade-

quate volume, and that means in hundreds of thousands, the cost of a Prestel set (which will also receive broadcast teletext) should be only about £50 in addition to the cost of a 28 in remote control colour set—say, £500 at current prices.

The pricing policy of manufacturers in the vital launching period, when they need to stimulate consumer demand, is still uncertain. They may wish to concentrate on providing high-priced sets for the smaller business market, which is expected to provide the first wave of purchasers; or they may go all out for the top end of the consumer market as early as possible.

## Successful

Meanwhile, the Post Office has been extremely successful in gathering together a group of information providers from a wide variety of interests. So far, more than 150 publishing and other organisations have contracted to supply nearly 300,000 pages (or frames) of information to be stored on the Prestel computer, and about 400 organisations would now like to become information providers in some form or other.

These information providers include business information bodies, airlines, publishers of guides, magazines and timetables, official bodies including

the Central Office of Information, consumer advice organisations, and advertisers. Some information providers have booked pages on the Prestel computer with the object of substituting them to other organisations, including advertisers, who wish only to place a few pages on the system, but do not want to invest in the special equipment needed to enter pages on to Prestel and to keep them updated.

A page holds the amount of text or graphics which can be displayed on the television screen at one time. This is a maximum of 24 lines of 40 characters each or a total of 960 characters.

Each user is allocated a personal code number which is built into the receiver and is automatically scanned by the Prestel computer every time a call is made. It is used for identification and billing purposes.

To obtain Prestel information, the user switches on the set and makes a local telephone call to the nearest Prestel centre. In some of the earliest sets it was necessary to dial all the digits on the telephone handset, but in most of the newer models, telephone connection will be made automatically by pressing a button on the television set.

The longest waiting time for any particular page is designed to be two seconds. A further

four seconds is required for the page to be captured by the user's television screen. However, the user can start to read the page as soon as the first line appears, so that this waiting time is not a practical disadvantage.

At another touch of a button, the Prestel index appears on the screen, listing the main categories of information and a series of more detailed indexes.

## Costs

While connected to the Prestel computer, the user is incurring three separate types of charge.

First, he is paying a local telephone call charge for the period of connection; second, he is paying a "stand charge" for the period he is logged on to the Prestel computer. This has been set at 2p a minute for the start of the service, but the Post Office says the charge may be varied later. Thirdly, the user pays a charge levied on each frame by the information provider. This charge may be zero in the case of pages from advertisers or public bodies or up to perhaps 30p or more for information of high commercial value.

Most of the high value information is priced at about 10p to 15p per page, while general information aimed at a wider public is priced at between 0.5p and 3p per page. The pricing structure is likely to depend very much on future patterns of usage.

The Post Office stipulates that the price for each page should be displayed at the top right hand corner. The computer will give each user a running total of the amount spent on each call and the total billing for the current quarter. The charge levied by the information providers is collected from the user by the Post Office which then passes it on after deducting a 5 per cent factoring charge.

The information is to be stored in a network of identical computers, which will all be kept up to date with changes made simultaneously. The computers will be located in local telephone exchanges, so that in most parts of the country, a local call will connect the subscriber direct to the nearest computer.



Property company director, Mr. John Busby (left), sits in his West London home with inevitable paperwork to one side—and to the other an almost limitless source of information on a wide range of subjects.

Mr. Busby's latest aid in a world where up-to-date news and data are increasingly important for businessmen is



Mr. Tim Chapman (right), Viewdata Services Manager at Baric Computing Services, tunes in to a Comet master page. Baric has topped the Prestel audience-viewing ratings, according to Post Office figures, between October 6th, 1978, and January 28th, 1979, the screen pages on the Baric service were viewed 110,173 times by Prestel users and in the Post Office ratings chart of page access statistics for all information provider databases, Baric was number one.

Where this is not possible, the Post Office plans to install high capacity data transmission lines to distribute the service. In these cases the subscriber will also pay only a local call.

The computers are designed to handle 200 users simultaneously and to store up to 350,000 pages. However, extra pages may be added by adding more disc memory units or by linking all the computers in the network to a large central memory, probably in London.

The aim of developing the computers so that they can handle 200 users at once has not yet been achieved, but development of the computer operating system could, in theory, allow them to be developed to handle at least this number and probably more users.

This year, the Post Office is spending £5m to set up Prestel centres in five of the largest cities: London, Birmingham, Manchester and Edinburgh. A further £18m has been earmarked to extend the service to Cardiff, Glasgow, Leeds, Liverpool, Norwich, Nottingham and other important centres. In the next five years, the Post Office is prepared to invest up to £100m in the system.

In theory disc units could be added indefinitely to the computers at least up to the capacity of several millions of pages. However, in practice the expansion of page storage will have to be related to the number of users. If Prestel had a very small number of users but a very large number of pages, each page would be inspected, on average a small number of times each year. Consequently the charge per page would need to be high. The rate at which pages can be inspected is also limited by the number of ports offered by each computer and its speed.

The other use of the central warehouse could be for frequently updated information such as stock prices, availability of airline seats and possibly a national classified advertising service for cars and houses. In many such cases, the cost of keeping files up to date may outweigh the costs of distributing pages to satellite computers.

However, nobody yet knows how the economics will work out precisely, and much will depend on the relative fall in price during the next decade of communications equipment vis-a-vis

computer in the normal way. The local computer will then obtain the page from the warehouse by a high speed data link.

The cost of storage in a data warehouse is relatively much lower, but the cost of inspecting it is higher because long distance communication is needed. It is likely, therefore, that the warehouse will be used mainly for reference material, like electronic encyclopaedias which can be left unchanged in the system almost indefinitely and which are inspected relatively infrequently.

For class "A" a £4,000 service charge plus an annual rental of £4 for each page of information stored in the system. Discounts of 25 per cent and 40 per cent are offered for contracts of three years and five years, respectively.

For class "B" service, the service charge is only £1,000 plus an annual page rental of £1. In addition, however, the Post Office will levy a charge of 0.5 pence for each time that a user inspects the page. The lower standing charges reflect the relative cheapness of a coc central warehouse, and the usage charge reflects the expected cost of communication from the warehouse to the satellite computers.

Jointly owned by International Computers and Barclays Bank, Baric is one of the largest of the Prestel information providers with an availability of 8,000 screen pages, of which 1,000 were in use during the reviewed period.

Max Wilkinson

## British skills

CONTINUED FROM PREVIOUS PAGE

medium. By the mid-1980s, I.T.T. believes that a third of all domestic colour sets sold in the UK could be equipped to receive Viewdata. That would be about 500,000 sets a year. By that time printer units, full typewriter-style keyboards and substantial memory units could be descending in price from the business to the consumer market.

If this happens, a substantial proportion of homes will be equipped with computer-like equipment capable of being linked to a post office computer

network which by that time could have over 1m pages available for inspection.

## Messages

The system could handle large quantities of news and comment, classified advertisements and other information, and in principle would allow people to type messages to each other, either for display on a screen or to be printed out on a nearby printer.

The important point about such a service is that people equipped with this computing

power would not have to know anything about computer techniques, any more than they have to know how the telephone or the television set works.

Viewdata has been designed mainly to do familiar things in a different way—and some unfamiliar possibilities in addition. Many of the more exotic possibilities of computers have so far failed to gain wide acceptance because they are too strange. Viewdata, which is essentially a simple service, may lead to stranger consequences than people yet dream.

# To view any data pick any Cherry.



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Telex: 268 623



Prestel No: \*245 #

Most companies in Viewdata provide one service or another.

We happen to be experts right across the field.

The Post Office picked Cherry to provide the first public access terminals for Prestel. Now here is what we can provide:

1. Your own intelligent terminal, a single or complete system.
2. Public access terminals for Prestel.
3. Intelligent editing services for information providers.
4. Software development services, including

data base print-out and enquiry analysis.

5. Full umbrella services for sub-information providers.

Call any number and ask for Richard Davies.

**Cherry Viewdata.**

A DIVISION OF CHERRYLEISURE (CS) LIMITED, 387 HIGH ROAD, WILLESDEN, LONDON NW10 2PL

Cherry Viewdata

21

# Philips viewdata experience opens up a whole new world of knowledge.

From the very first days, Philips has been deeply involved in the creation of viewdata systems—with you and your business in mind.

And with substantial investment from the Group's annual £400 million Research & Development budget committed to this exciting new technology, the Philips involvement continues.

Our Mullard Applications Lab at Mitcham and Philips Research Lab at Redhill are engaged day to day in the current and future development of viewdata technique in all its aspects.

Additionally, all the Philips companies with

specialist skills in chip technology, video, computing, business equipment, telecommunications and systems software have been harnessed together to give a range of products and services second-to-none in the viewdata field.

So it is, today, that Philips Group companies and divisions are working together to give you a total capability in equipment and systems for all viewdata services of the future.

Now, as we move into a completely new era of business communication and information, you can be sure that with Philips you will stay—simply years ahead.

## A business viewdata system of your own

Philips Data Systems, one of the world's leading suppliers of business computer systems, has applied viewdata technology to the production of private systems for business users.

With a viewdata system of your own, the possibility of providing every member of your staff with instant access to all the information they need to do their work becomes a reality—at a very realistic cost.

A system can be designed specifically for the needs of your business; it is totally under your control; totally secure from unauthorised access; and involves no running costs to speak of because it uses your own internal telephone system, and your own staff run it.

Philips has designed the private viewdata systems to be foolproof in operation so that literally any member of your staff can learn to use viewdata in minutes—and can then find in seconds what they used to spend hours hunting for.

So if you've ever wanted to cut out the time your people waste just getting hold of information, viewdata offers the solution. A visit to one of Philips' Viewdata Workshops will show you all you need to know. PHILIPS DATA SYSTEMS

## Video, voice, data or text communications

Pye Business Communications Ltd. offers an unprecedented products and systemisation resource in the area of integrated electronic communications systems—the very essence of the office of the future.

In this context, viewdata is an intrinsic and essential component.

Typical applications are communicating and 'intelligent' systems for closed-user groups on the PRESTEL service; or closed-circuit groups via PRESTEL, or fully intercommunicating private networks using an independent central computer and linked, nationwide if necessary, using private wires (telines).

Such services could be externally accessed via connection to the public switched network.

Pye Business Communications is dedicated to the application of viewdata as part of its commitment to designing, supplying and installing a total capability for video, voice, data or text communications. PYE BUSINESS COMMUNICATIONS

## Purpose-designed business information data terminals

Pye TMC is a major supplier of subscriber products to the British Post Office and other PTT's. And it was one of the first companies to become fully committed to the development of viewdata systems.

Pye TMC's wide experience of using advanced electronic technology, and the incorporation of large scale integrated circuits into communication products, has enabled it to develop a very competitive range of equipment.

In addition to supplying other equipment manufacturers with automatic dialling and isolation circuits for incorporation into their own colour viewdata TV's, Pye TMC has developed the visa terminal aimed at the needs of the business market.

This Pye Visa Business Information Terminal is a purpose-designed data terminal which combines simple operation with the full range of facilities required to meet the needs of the professional user of viewdata systems.

Pye Visa is a compact, totally self-contained equipment carefully styled for desk-top use and incorporating an integral 'telephone' keypad for ease of operation.

And as the user becomes familiar with the terminal and in using the viewdata system, a number of 'expandability' facilities can be added such as a tape recorder, an alpha and numeric search keyboard, action printer and monitor extension. PYE TMC

## Viewerchip—vital to viewdata

Britain's leading position as the first country with an operational viewdata service is in no small measure due to Mullard's massive investment in large scale integration technology for the production of silicon chips.

One result has been the Viewerchip—vital to the development of viewdata systems both within British industry and abroad.

Today, Mullard Viewerchip is earning international recognition, too, with the role it is playing in the development of Standards for TV Data services in Italy, Sweden, Holland, Germany, North America and Australia.

But this is just part of an even larger and continuing commitment that has given Mullard a unique position as a supplier of components, individually or as fully engineered modules, for complete systems.

From the outset, the Mullard laboratories at Southampton and Mitcham worked closely with the equipment designers to ensure the economic production of viewdata systems capable of meeting the consumer and professional demands of today's and tomorrow's information services.

Mullard, the largest producer of components for British industry, with their worldwide technological resources, are also pioneers in Teletext—and played a part in helping to establish the British Standard. MULLARD

## 'Viewdapta' brings viewdata to the standard TV screen

The Labgear 'Viewdapta' is a compact unit for the display of PRESTEL information on a standard colour or b&w TV receiver.

No internal connections or modifications to the set are necessary.

This 'Viewdapta' adaptor has many positive advantages.

Firstly, the TV display can be chosen to suit the individual—in b&w or colour, large screen or small screen.

The adaptor can be used with the 'second' TV—thereby not interrupting normal TV programmes.

The 'Viewdapta' model 7050 comprises a wall mounted unit and desk-top keyboard, the only unit necessary on the operator's desk.

It also provides full autodialling of up to six telephone numbers which can be programmed from the keyboard together with the user's identification number during installation.

The 'Viewdapta' could transform your business life—tomorrow. The future is that close. PYE LABGEAR

## Word processors for viewdata

Development plans are well advanced for integrating the Philips Word Processor range with both PRESTEL and private viewdata systems.

Early in 1980, the Business Equipment Division of Philips will also be offering software packages for off-line data preparation and text editing.

Adaptation of the VDU/Keyboard Operator Console will provide the dual function of word processor and viewdata terminal with the additional facility of disk storage and production of hard copy from the high speed electric printer.

Substantial economies will be gained in commercial organisations where the production of frequently updated printed information would otherwise be an expensive operation.

Also from 1980 the Business Equipment Division will be offering a choice of receiving terminals suitable for business use. PHILIPS BUSINESS-EQUIPMENT

## Colour televisions for viewdata reception

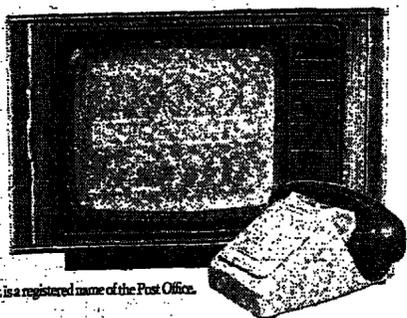
The Philips 675 is our PRESTEL receiver which has been used in the official British Post Office viewdata trials.

Based on a perfectly normal domestic colour set, it has been developed to accept all the new and exciting viewdata information.

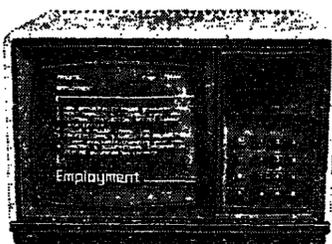
It is where all Philips' vast expertise in both computer and video technology is brought together in a colour television to make the most of the Post Office's newest service.

The other great benefits of the 675 set is that it gives excellent reception of all three domestic television channels, but also receives both Ceefax and Oracle, the off-air Teletext information services.

For further information on the 675, tick PHILIPS VIDEO in the coupon below. PHILIPS VIDEO



PRESTEL is a registered name of the Post Office.



To find out how Philips viewdata systems will offer the best advantages to you or your business, send for details of Philips products and services most relevant to your needs.

Also see our separate advertisement for details of the Philips viewdata workshops where you can discuss practical applications of the new technology.

Philips Viewdata Group, (CBI)  
Philips Industries, Arundel Great Court,  
8, Arundel Street, London, WC2R 3DT.

Please send details of the products/services of the following divisions:

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POSITION \_\_\_\_\_  PYE BUSINESS COMMUNICATIONS

COMPANY \_\_\_\_\_  PYE TMC

ADDRESS \_\_\_\_\_  MULLARD

\_\_\_\_\_  PYE LABGEAR

\_\_\_\_\_  PHILIPS BUSINESS EQUIPMENT

\_\_\_\_\_  PHILIPS VIDEO

**PHILIPS**

Simply years ahead



# VIEWDATA SYSTEMS IV

## The business of the future - today

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FINTEL supplies company, industry, national and international business information, statistics and comment.

It provides consultancy, design and input for your own Prestel material including corporate promotional and sponsored information.

Find out how you can be in the business of the future - today.

Telephone: Brian Botten at 01-626 7432  
Key 248 for FINTEL on Prestel  
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# How the service evolved

VIEWDATA IS closely related to the broadcast system called teletext, which displays "pages" of computer stored information on the screen in exactly the same format. Whereas viewdata reaches the user by telephone wire, teletext is transmitted over the air by the broadcasting companies using spare capacity on the existing television channels.

The BBC's service is called Ceefax and the ITV's version is called Oracle—the main difference is that teletext services are not interactive. That means the user can only capture pages as they are transmitted in a rapid sequence. He cannot send any information back to the storage computer as is possible with the direct telephone link in a viewdata system.

Both teletext and viewdata were developed independently in Britain. The BBC was experimenting with a system of subtitles for deaf people, while the Post Office was considering how to put data onto its experimental viewphone equipment.

Later, the BBC and the Post Office co-operated to ensure that the two systems were as close as possible so that the same receiver could be used for both.

After the first experiments, the development of viewdata has been faster than expected. The start of a public service this year comes only five years after the original specification and design study was written by Mr. Sam Fedida, the Post Office research engineer who is credited with the original idea of viewdata.

Mr. Fedida first conceived the idea during the late 1960s when he was working on a computer register of hotel vacancies. He found that most of the cost of this system was taken up with the salaries and overheads in the central bureau which operated the computer information system. This was mainly because of high labour costs in the bureau.

Mr. Fedida realised that a much more efficient system would result if the customer himself was able to gain access to the information in the computer without the need for clerks as intermediaries.

These ideas began to crystallise when he joined the Post Office as a researcher in 1970, to work on Viewphone, the system which allows telephone callers to see and hear each other.

chairman of the Post Office and managing director of Telecommunications, Sir Edward immediately put the idea into the marketing division, for its full implications to be explored. During the next two years the basic principles of viewdata were established. They were:

- Reliability: A system which frequently broke down would soon be discarded.
- Simplicity: Anyone should be able to use it without instruction.
- Speed: As many people as possible should be rapidly served by the computer.
- Cheapness: Both the sets and the computer centres must be designed to be as cheap as possible.

The system was to cost only about a tenth of existing specialised computer bureaux. An important consequence of this tripartite approach was that the Post Office could not expect a statutory monopoly over viewdata services. Any organisation should be free to set up a viewdata computer and to disseminate information to customers provided they used equipment approved by the Post Office which will be readily available in the form of viewdata sets or terminals.

This represents a significant relaxation of the traditional Post Office attitude to the use of telephone lines. Subscribers are not allowed at present to even connect a telephone to a computer terminal, and only Post Office equipment may be used and it must be connected by Post Office engineers.

Regulations for using the telephone lines to transmit computer data are even more strict, with the Post Office exercising very tight control over the MODEM which converts computer signals into a form acceptable to the telephone network.

In future, however, television sets and terminals made by a wide variety of manufacturers will be connected to the network through standard jack plugs with the proviso that the sets and the modems inside them have been approved by the Post Office.

### Gadgets

It will then be very difficult for the Post Office to resist the demand for a wide range of gadgets including printers and recorders to be connected at will to the television set and thus to the telephone network.

Although the basic technology for putting words and graphics on a colour television screen is fairly simple, a considerable intellectual effort was required to foresee how a public service might develop and to anticipate the position which the Post Office should take on the issues which would be raised.

Perhaps the most important decision, taken at an early stage, was that the Post Office should not itself become a publisher, even though it was to provide a new means of publishing. It would not put itself in the position of the BBC which assumed complete control over what was published over the airwaves, when sound radio and then television first began.

The Post Office decided it would exercise only the minimum control required by the law and public decency. It therefore developed the system in close co-operation with a group of information providers which it invited to contribute pages to the Test Service which started a year ago. It also sought the co-operation of all the UK set manufacturers which it hoped would make an important contribution to the mass marketing of the service.

If the system becomes successful, an erosion of the Post Office stand against the interconnection of non-Post Office equipment may be matched by a more intense debate about the issue of editorial responsibility. What, for example, should be the position of advertisers in the Post Office network if there

should be more demand for the storage of pages than the Post Office can meet? How will the Post Office decide which applications to become information providers should be met? At present, there is a long waiting list, but the policy of "first come, first served" seems acceptable because it is assumed that the capacity of the system will grow rapidly.

But if the system were still unable to satisfy all the potential information providers when it stopped growing—what then? Which advertisers should be given priority, and how should the claims of advertisers be weighed against those of public information bodies, the Government and the political parties? These are rather theoretical questions, since the system can

be expanded from its present capacity of hundreds of thousands of pages to millions, without difficulty. However, the number of pages which can be stored will depend on the Post Office's continued desire to invest in the system, which will in turn depend on the number of subscribers and on pricing policies.

These four factors—the demand to become information providers, the demand from users, the pricing of the system and investment in new equipment—may turn out to be self-balancing. But if they are not, the Post Office will open itself to considerable pressures from one or more of the groups involved in the service.

M.W.

### Experiments

From experiments with putting text on to viewphones he moved to the idea of adapting the ordinary television set. This was the crucial step because it opened up the possibility of mass production and low costs which have become the central features of viewdata.

The technical problems of displaying data on a domestic television set are relatively simple. The breakthrough was to foresee how mass-produced computer terminals could be exploited in a public system.

By July, 1974, a working model was demonstrated to Sir Edward Fennessey, then deputy

# The providers of information

THE PRESTEL system is a hybrid, composed of public and private enterprise. Where the creation and development belong to the Post Office, as does the provision of the service, the information providers—or IPs—will provide the information (database) on an entrepreneurial basis, taking their wares to market like any other publisher.

There are some 130 of them varying greatly in size and type of service offered. To date, they have provided nearly 150,000 "pages" of information for storage on the Post Office computers: some, encouraged by the newly evident demand for their information, plan to introduce more pages. Already, Prestel has built up a significant national information resource.

For the IPs, the Post Office will act as a common carrier, allowing any organisation to provide as many pages as he wishes

for storage in the corporation's computers. The corporation has retained no editorial control, but will not carry any illegal, "grossly offensive or unsuitable" material: the IP is the publisher, and bears the legal responsibility for Prestel publication.

The IP, however, does have to pay for his space. Prestel charges £4 per page per year; it also charges 0.5p per page accessed by a customer. Thus, if the IP wants to charge nothing for the information he provides—as with classified or other advertising, or rail and air timetables, for example—the IP bears the 0.5p charge.

Add to this the cost of making the phone call into the Prestel computer, and it can be seen that the Post Office will draw finance from three sources—rental, accessing charge and phone tariffs. As long as at least some of the information providers are successful, it

would seem that the Post Office cannot lose. But what of the IPs?

The consensus of opinion among them may be described as bruised optimism. There are a number of elements to both the bruising and the optimism. In the first place, the IPs were upset by the charges announced by the Post Office: they felt they were too high, and they felt they had not been sufficiently consulted. The initial reaction has since cooled greatly, and most IPs believe that, always assuming demand takes off, the charges will not be over excessive (and will, anyway, be subject to negotiation).

However, some doubts remain: and the lack of consultation is a shadow on an otherwise fruitful relationship between the IPs and the corporation. As one provider put it: "The Post Office is so massive, has so many resources, that it isn't used to thinking of the problems of small organisations. And since it doesn't have to consult us, it tends just to announce things."

The same provider added that matters were improving as the Post Office learned patience and diplomacy. However, disenchantment with the Prestel set makers is not so easily assuaged, or at least, not for the moment.

### Delay

The problems which have faced the set makers are discussed elsewhere in this survey; however, the impact of the delay in the provision of Prestel sets on the information providers is of some concern here, and has contributed to the decision taken by a small number of IPs to pull out of the Prestel experiment—at least, temporarily.

Sets were promised in test quantities by last summer: of the 1,500 ordered, only some 500 were made available by early 1978. Again, the production target of 50,000 sets by the end of 1978—with production building up as the year went on—was dramatically downgraded to 20,000 in January this year, leaving the IPs wondering if even the new, lower estimate will be fulfilled.

The IPs are aware of the problems of investment and of doubt: but their own problems press more heavily upon them. In brief, they are faced with a longer wait before the investment they have made pays off.

In the case of those IPs who are oriented towards business—as the Stock Exchange, Datastream and Fintel—the wait is the more galling because they do not even have the consolation prize of seeing their prime services—the concentration of business and financial offices in London—yet on stream.

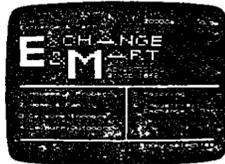
While Prestel has "gone public" it is only to the London residential market, which will provide only a limited demand for business-based services. This latter market depends, in part upon the Post Office, as well as the set makers: for the moment, the Post Office lacks sufficient space on its computers during business hours to service the assumed high demand from London business customers, though it should soon.

CONTINUED ON NEXT PAGE

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The Baric policy is to act as an independent "umbrella" information provider, supplying a total consultancy and service package to individuals, and organisations, who have information that they want to display on Prestel.

The package starts with a feasibility study into the potential profitability of your information service. One of our clients could get a return of 1800% over 3 years—and this is not exceptional.

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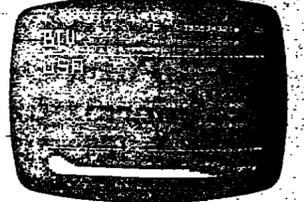
And as a Service Company we know our success depends on your satisfaction.

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T.F. Chapman, Baric Computing Services Ltd, Forest Road, Feltham, Middlesex TW8 7EJ. Telephone: 01-890 1414.



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Address \_\_\_\_\_  
Company \_\_\_\_\_

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Handwritten note: J.P. 150

VIEWDATA SYSTEMS V

السنة الأولى



The Prestel User's Guide and Directory, including the Teletext and Viewdata Magazine — published quarterly — tells all you need to know about Prestel and Teletext.

For details of how to advertise in, and obtain copies of, the Prestel User's Guide and Directory  
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 Prestel User's Guide and Directory Department  
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A JOINT VENTURE  
**Ted Schoeters**

# Scope for private projects

DURING THE protracted run-up to the launch of the Post Office's own viewdata system—Prestel—all the companies directly affected by this major development (either through the prospective sale by them of suitably modified TV sets, or of computer equipment able to compete with the machinery originally selected to run the pilot scheme), have had ample opportunity to improve on the original work within the Post Office, as well as that carried out by BBC and ITA on Ceefax and Oracle.

Ability to store data and retrieve it from very large amounts of information held in a strict hierarchical format—rapidly and at low cost being the main characteristics of the system—had not gone unnoticed

potential—Prestel being one such.

U.S. Government work in the area may well show itself to be an obstacle to the ready adoption of a UK-invented system, if only because of the strength of the American NIH syndrome. DIDS is the acronym for the U.S. federal project, standing for Domestic Information Display System.

## Prototype

In prototype form, it is capable of organising statistical information across American counties and cities under 265 headings and under 443 headings for standard metropolitan statistical areas. Like Prestel, it is interactive and "menu-driven," i.e. by selecting from successive lists of chapter headings.

Some 19 federal agencies, one of which is the Executive Office of the President add new data to DIDS which is helping users correlate information in groupings which have hitherto not been attempted and carry out such operations very quickly.

It is based on work carried out by NASA for the analysis of images collected from satellites. What DIDS can do is provide an immediate multi-colour map of America, or downtown Chicago, and so on, showing un-

employment levels, or average property tax, incomes below poverty levels and so on.

It is being used now to analyse key politico-economic issues and ultimately could be turned into a centralised data base available all over the U.S. to officialdom, but also to private industry.

At the opposite end of the scale is the "do-it-yourself" Prestel kit issued recently by Mullard on Signetics microprocessors and support chips.

Meanwhile, Philips has made a major European launch of its own private viewdata system on which it has been working since 1975. Development took place in close co-operation with the Post Office as well as the programming staff working on Oracle at ITA and Ceefax at the BBC—thus, the Philips system can handle all three, if required.

It is based on one of the company's minicomputers but has a much more flexible software repertoire. An editing keyboard specially developed for it makes operation particularly easy.

## Example

Testing took place over months with the collaboration of Philips centres in the Netherlands, Sweden, Germany and France. The result is a

system that allows users to gain access to information more easily and quickly than competing systems.

For instance, a keyword search technique allows a user to bypass several menus and go straight to the list he requires. At the same time, during layer searches, it is possible to backtrack through four layers rather than starting from the beginning all over again.

A very interesting aspect of the Philips version is that it permits a company to introduce a whole series of pass codes so that the in-house Viewdata system can be used to marshal even sensitive company information.

The focal centre for the system is London and because many potential users have no real idea of what Prestel, viewdata or any other system of this type can do for them, Philips has decided to market the system through a workshop arrangement. Interested companies would send expert staff to work the equipment in a "hands-on" situation and determine how best to use the system within their own group.

An interesting and highly significant aspect of the Philips development is the way in which it dovetails into many other areas of the company's

# Information

CONTINUED FROM PREVIOUS PAGE

The optimism, which still triumphs over bruises received, is based on a number of beliefs and hopes.

First, the IFS believe that the Post Office is wholly committed to the service, and are impressed by the resources, time and publicity the corporation is prepared to devote to its new service. Occasional resentment over its arrogance is greatly outweighed by the grateful recognition that their partner is enormous.

Further, it should be said that a number of the providers have considerable personal respect for, and faith in, Dr. Alex Reid, Prestel's director, and his team.

## Gadgets

Second, the providers tend to give similar reasons for joining the service in the first place: these may be summarised as, a belief that the electronic and microelectronic innovations of recent years will replace at least some of the largely paper-based information media of today—as newspapers, mail, time-tables, catalogues—and that companies in the business of providing information, or highly dependent on its provision, should enter the new technology both to make money and even more urgently to guard their flank against future competition from more advanced organisations.

This belief, for all the risk it entails, means that they see the inevitability of viewdata systems becoming more popular, even though Prestel may well not be its final form. With this perspective, therefore, they are ready to tolerate teething problems, and some increased financial outlay, in order to reap benefits which may be some way off and may never be wholly quantifiable.

Naturally, the profit they hope to make is a, or in some cases the, major element: but none cares to give an estimate of how profitable they are likely to be. Most say even a heroic guess is impossible: Prestel is a new concept, not merely a new product, and new concepts are hard creatures to

read.

There is, of course, no guarantee that any of the providers will make a profit at all. On the worst possible view of the future, the mass market for Prestel, on which the system's finances are predicated, will not take off, the prices will not come down, and the information providers, geared to serve a large audience, will lose money serving a small one. While most providers share Reid's "gut conviction" (as he put it in a recent paper) that electronic information will increasingly be preferred to print, it is quite possible that the British public are not yet ready to make the changeover.

The risk of this gloomy prospect is unquestionably highest in the domestic market. There, the cost of purchase or rental of the sets will be crucial: unless it comes down quickly, there will be no base for building a market for the majority of providers who are outside of the business information sector.

The Post Office has perceived this risk: and it has set in train a programme of its own to complement the activities of the set makers aimed at giving low-cost access to Prestel, soon.

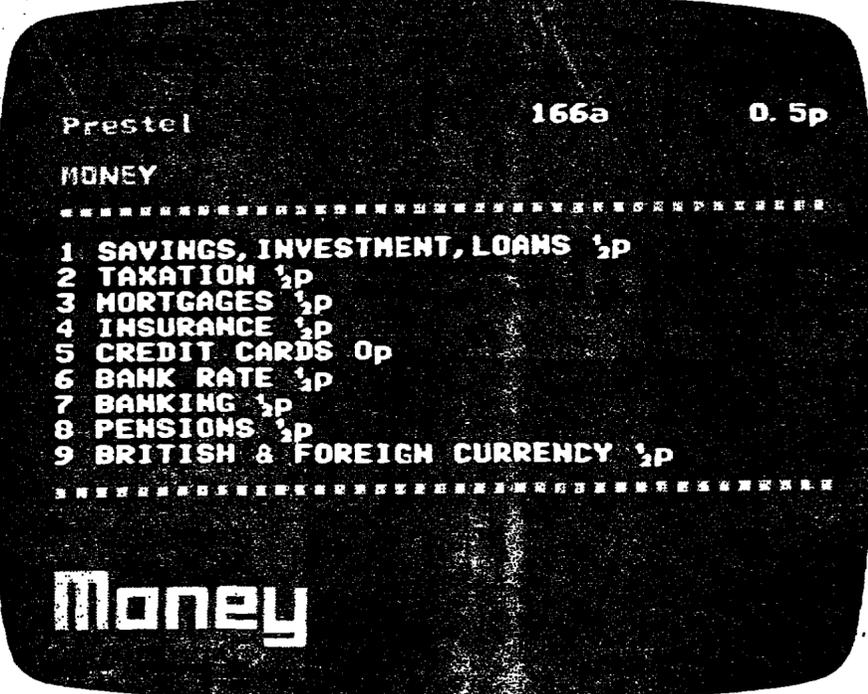
Reid himself, in the paper mentioned above, admits the possibility of slow initial growth, but goes on to affirm that "if we find the service slow to take off in the market place, we will not be discouraged: we will keep at it, reshaping the product to offer new types of information, and new technical features, to new audiences."

"The system is inherently flexible, and I don't think it is beyond the combined wits of the 11 TV set manufacturers (supported by the retail and rental providers) and ourselves, to come up with ways of making Prestel fit."

Since that paper—presented in May, last year—a few providers have decided that they would prefer to withdraw. Most, however, have not, and Reid's optimism remains without serious challenge.

John Lloyd

# If you own a television set, you probably won't be able to read this.



Already Radio Rentals have installed the first Prestel sets in customers' homes.

And even at this early stage, there are thousands of pages of information available to Prestel subscribers.

It's a sign of the way television is moving from being a simple means of entertainment to a much more complex domestic information medium.

Ceefax and Oracle, for instance, the BBC and ITV information banks, are now plugged in to a great many Radio Rentals homes.

We already rent home video recorders, which, together with Ceefax and Oracle, are ready and waiting for any of our customers who want to make use of them.

So if you are thinking of investing your own hard-earned cash in a new television set, pause a moment.

Because you could well find that next year, your brand-new set seems a lot more than 12 months old.



**Radio Rentals Colour**

We have a view to the future.

It's a page from the new telephone-linked home information service, Prestel.

And, as yet, only a tiny proportion of television sets in this country are designed to receive it.

Which means that even if you invested in a new set as recently as one year ago, you won't be able to read a page of it in your own home.

It's just one of the developments in television technology that have happened over the last few years.

And it's just one of the reasons why renting rather than buying a set is the best way to keep up with progress.

If you rent a TV set from Radio Rentals, you can change models when you wish, at the appropriate rental, to cope with the accelerating pace of technology.

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## VIEWDATA SYSTEMS VI

## Worldwide race to rival UK system

ONE OF the main aims of the Post Office in pressing ahead with the development of Prestel was to establish its own version of viewdata as a standard in as much as the world as possible.

There were several reasons for this. The first, perhaps, was the hope that British industry, particularly the television manufacturers and the computer industry, would benefit from the prestige of this British first in technology. Second, the Post Office foresaw that viewdata itself would greatly benefit from international standardisation. It would be convenient at least if data stored on German viewdata computers could be transferred without special converting equipment to the British system.

But perhaps the over-riding question was of costs. If viewdata is to reach a mass market, costs must be brought as low as possible as quickly as possible. Mass production of receivers and the standardisation of components can only be achieved if there is the prospect of a reasonably large market and in Europe at least, that implies that similar systems should be adopted in different countries.

The most important success so far has been to persuade the German Bundespost to develop a viewdata service (Bildschirmtext) along the basic lines pioneered by Prestel.

The Bundespost has taken a licence from the Post Office for the basic software for a test service and it has also signed a contract with INSAC, the National Enterprise Board's computer software marketing subsidiary, for the development of a viewdata system to fit German requirements.

INSAC already has a licence from the Post Office to sell viewdata based on Prestel in the U.S. and it is negotiating for a similar licence to cover Europe and the rest of the world.

The British system has also been adopted in Holland and Hong Kong, and negotiations are taking place in several other countries with a view to setting up national systems.

However, in some countries, notably France, Canada and Sweden rival systems are being developed, and a strong commercial battle can be expected as different viewdata systems start to compete in the next few years, not merely as rival national public systems, but also for adoption in private systems.

In France, the Ministry of Posts and Telecommunications is

developing Teletel, a system which is compatible with a French broadcast (teletext) system called Antiope. This system is not directly compatible with the British teletext format.

The main difference is in the way in which the British and French broadcast systems encode their information. The British broadcasting system uses time equivalent to one line sweep across the television screen to encode one line of data. The French system, however, does not use this exact correspondence. Instead, it uses an electronic code to signify the beginning or end of a line of data.

The French system is more economical in its use of the available broadcast bandwidth, but the British system is claimed to have the advantage of simplicity and robustness.

## Arguments

The technical arguments between the two broadcast systems can be expected to be repeated when the French start the market trial of their Teletel in 1980 with a planned 2,000 sets on the outskirts of Paris.

In Japan, several research projects are now under way, of which the best-known is called Captains. Because of the complication of their written characters, are concentrating on a "wide band" system which would be capable of displaying colour photographs rather than just the text and graphics of viewdata. However, most ordinary telephone lines do not have enough capacity (bandwidth) to transmit colour pictures at an acceptable speed.

Since the economics of viewdata systems depend upon using the telephone networks as they are at present, a wide band viewdata is unlikely to be generally available for several decades, and for this reason, direct Japanese competition in viewdata is unlikely to be important in the short term.

However, their pre-eminence as television set-makers could bring the Japanese into the market when it becomes attractive to consumers.

Outside Europe the most advanced development is probably in Canada, where two separate systems have been developed. The first to be announced was Bell Canada's viewdata, loosely based on the UK's Prestel. It is called Vita and started a pilot trial at the beginning of 1979 with 25 users' terminals in Montreal, Toronto and Ottawa-Hull.

At the same time, the Com-

munications Research Centre, of the Canadian Department of Communications developed its own system, called Telidon, which offers more complicated graphics than Prestel, by dividing the screen up more finely.

It is possible that Telidon graphics will be incorporated into Vista by the time that Bell Canada is ready to launch a commercial system in 1981. Telidon can display curved lines rather than the more jagged graphics of Prestel. However, supporters of Prestel say that it will be easier and cheaper to use.

One of the main aims of the Canadians in developing their own system is to attack the very large U.S. market, which in spite of its sophistication in the development of computer in-

formation systems, has lagged behind the UK in exploiting the viewdata concept.

The main British hope in the U.S. is INSAC which is expected shortly to sign an important contract with General Telephone Electronics to market Viewdats systems in the U.S.

INSAC will provide the British software and management expertise based on their experience of Prestel, while GTE will provide the financial and marketing muscle to sell the system to the large corporations which are expected to be the first customers.

GTE not only has a wide base in telecommunications, but also, through its subsidiary, GTE Sylvania, should be able to provide viewdata terminals based on domestic television sets

when they become necessary.

INSAC's strategy in America is markedly different from that of the Post Office in the UK. Whereas the Post Office is launching a national service, which it hopes will be used by consumers as well as businesses as soon as possible, INSAC will be concentrating first of all on the business market.

Its strategy has four prongs: first, it wants to sell private viewdata systems to the large corporations for use as internal information channels. It will probably do this with the help of GTE and perhaps another company acquired to help with the marketing of the systems.

Second, it hopes to establish a service for businesses which want a private system but do not wish to buy their own computer.

These businesses will be served by a computer operated by GTE (if the deal goes through, or by some other major U.S. company if it doesn't). These companies or groups or organisations will form closed user groups in a common service, they will gain access to it using the telephone network and it is hoped the Telenet packet switching data network (a high speed national network for distributing computer data in which costs are independent of distance).

Third, INSAC wishes to develop a general service for business information similar to Prestel, but operated probably by GTE, or perhaps as a joint venture with some other organisation.

Finally, it is hoped to develop the system for the mass domestic

market, probably as an evolution of the business service, and using some of the same data (i.e., timetables) which would already be stored on the business service computer.

An obvious consequence of this approach is that many of the receivers for U.S. viewdata systems will be intelligent terminals—that is sets with a keyboard, memory and computing power of their own. INSAC will probably try to link up at an early stage with a manufacturer of terminals to provide special equipment which will be suitable for the systems which it will be designing. By this means it will hope, through its partners, to offer a complete package of system and equipment to go with it.

To successfully launch a

system before competition can come in, the timetable is inevitably tight. The first viewdata system is scheduled to be in operation this year, and it is hoped the venture will be bringing in significant revenues within three years. INSAC itself has been allocated about £10m by the NEB to invest in the development of viewdata and it is likely that GTE would have to invest something of the order of £20m to get a fair-sized system off the ground.

INSAC can also be expected to adopt similar strategies in the rest of the world—particularly in Europe. Even in France, it is hoping to establish a foothold, because the rival French system will not be available for several years.

M.W.

## A wealth of databases available

PROBABLY THE most important aspect of the viewdata concept is that it provides ease of access to information in a bank potentially unlimited in its extent—but, for the time being, relatively restricted, though rapidly updated.

Ease of access is thus the nub and many companies and organisations are sitting on veritable goldmines of potentially valuable data, which could be made available through it. But due to lack of appreciation of how important correct classification was to become in a computer-dominated era, frequently this data is so badly organised that it will remain virtually unusable in an information retrieval context—at least until a major, and probably very expensive effort, has been made to reclassify.

For the small business with its own data processing department using one of the many mini-based systems now available, the coming into existence of Prestel and parallel services such as that offered by Baric must be a boon, particularly where the management is keen to use the potentialities of computer application to the full, that is, plan company progress and product launches with the benefit of many more relevant facts and projections than generally available till now.

There have, of course, been a number of companies offering extended statistical support to

members of relatively restricted groups—clients or partners. The multi-level economic parameter service from Datastream and the Scicon service to give access to the well-known model of the national economy are cases in point.

But if all goes well with viewdata services, such weighty data will become much easier and presumably less costly to tap.

For the expense of a converted TV set and a link to the user's printer(s) or disc(s), a wealth of data bases will open up.

But what the existing data processing department thinks of the development is another matter entirely.

In view of the revolutions in information handling that are predicted for the average office by Arthur D. Little, among others, it is likely that the key staff will have its hands so full of change that one more development—reliance on data bases wholly beyond company control—will make little difference.

After all, Arthur D. Little predicts that offices will have... new text processing systems, facsimile and copying machines, electronic telephone dictating systems and communications processors.

It is predicted that "eventually, these will all be able to plug into a kind of information ring main around the office and

communicate with each other... ultimately, a letter typed on a keyboard or dictated to a voice-input typewriter in one country may appear on an intelligent copier thousands of miles away in another country, possibly with the letterhead and signature of the sender."

## Question

This is heady stuff! It spells particularly heavy demands on the services of national PTT's, who already face the crucial question of reliability of service if widespread use of viewdata as an essential part of commercial and industrial life is to come to fruition.

And judging by the list of databases already available for exploitation—initially through the Euronet packet-switching system with its specialised nodes and terminals—there is a potentially immense market for viewdata equipment which would make their contents more widely accessible. There are close on 140 of them, many in highly specialised areas such as cancer research it is true. But a large number are relevant to industry and commerce in general.

The question appears to be: how would the information culled from them be integrated with that generated by the company itself, both from internal events and from data drawn from other sources by CIS (Corporate Intelligence

Services) organisation?

Remembering that the emergence of databanks is due in some part to the failure of companies to cope with the paper deluge of the past 30 years, the last thing easy access to databanks must produce is yet more paper.

CIS will immediately transform the classic reference library beyond recognition and establish a retrieval system working on demand.

An idea of how this might operate can be gained from studies in progress at two of the big four banks in Britain and from equipment already being used or installed in Europe by a small Belgian company Correlative Systems, which calls its product "Videofiche."

The aim is to eliminate paper by capturing the image of the primary document by electronic means and storing a digital magnetic image on disc primarily, but ultimately on video-tape with an extremely high page capacity. The heart of the unit is a large multi-element charge-coupled device array which takes an "instant" picture of the document/display and transmits it to store in the form of a stream of digits.

Retrieval from disc is immediate and from videotape an average 30 seconds—which is minimal since each tape contains tens of thousands of pages. Crucial is the encoding of the stored documents, which is relatively easy for banking

paper but not so simple for a miscellany of reports, graphs, collections of statistical figures and so on.

So far as the smaller company is concerned, the crucial question is how cheaply such equipment could be produced and operated. Since the first units of the Belgian design are only moving into large-scale user situations at the moment, it is hard to say.

A minimal array would need the fairly expensive CCD input device, disc and tape system and, say, two keyboards and displays (each with its own micro-controller) the whole operated by a medium mini. At a rough guess, the package might come down to about £5,000 in the next five years, which is minimal for a "live" library able to accept immediate input from any source.

There are, of course, the private viewdata options, described elsewhere. But they are nowhere near the prices of the smaller companies and despite the endemic sharp fall in electronics costs between origination and widespread use, they are not likely to come within the scope of such purses for several years.

There is nothing to stop smaller companies in a given section, perhaps defined by the appropriate research association, from setting up a sector interest viewdata system, with appropriate coding safeguards on a company basis.

After all, a single viewdata computer centre, as it is now conceived, can store and maintain—that is, constantly update—as much as 250,000 A4 pages of formation and more. And developments are at hand that can at least quadruple this data store.

A series of projects along these lines would speed the advent of information on demand to the various industry groups while greatly reducing the cost that would otherwise be incurred through a piecemeal approach.

All that has to be overcome is the understandable company resistance to "letting go" of information, especially after the many reports of computerised fraud, not all confined to the U.S. But what companies let go of is up to them and, in any case, information can so be coded that it would be of little use to non-company staff.

Essentially, all that viewdata, Videofiche and similar systems are seeking to do is eliminate paperwork, which has quite rightly been called the scourge of advanced society.

If that society is not to grind to a halt under a deluge of indigestible documents then it must find an escape route through electronics. But there will always have to be a decision-maker who feeds the input to electronic storage: How will management train him?

Ted Schoeters

PHILIPS

## The Video Age meets the Computer Age.



PHILIPS 675 VIEWDATA

The 675 is the Prestel receiver in the comprehensive Philips television range. It's where Philips expertise in both computer and video technology come together to make the most of the GPO's newest information service.

Prestel provides a wealth of immediate data, invaluable in the office or the home.

Yet it won't end there.

At Philips, we're already working on equipment to store and print out Prestel messages and information, our contribution to the continued expansion of communications technology.

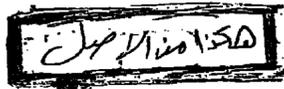
The 675 set naturally gives marvellous reception of all three television channels, and it also receives Ceefax and Oracle, the off-air Teletext services, all housed in a handsome teak cabinet, and with full remote control.

Enter the future with Philips. Today.

Simply years ahead.



VIEWDATA SYSTEMS VII



A triumph of technology

TWO TYPES of terminal have been developed for today's viewdata systems—there is the Volkswagen view of how a terminal should be designed, or the Rolls-Royce approach. But unlike the cars, within a few years the two types of viewdata receiver are likely to be the same. The other main contrast in the world's emerging viewdata systems is in the networking philosophies and techniques employed to link users with the information and other services they are expected to want.

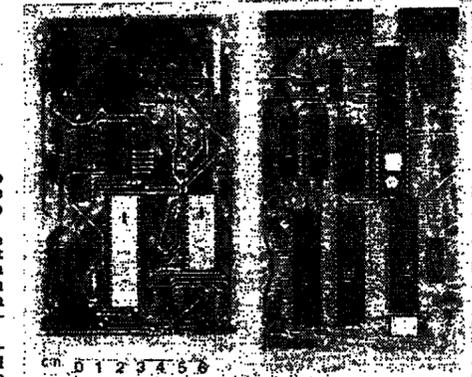
technical very similar, although the French PTT (post office) intentions for Teletel as a service are far more ambitious—even grandiose—than those for Prestel. The British Post Office has taken the view that a people's computerised information system would be unlikely to catch on if it used expensive and complicated terminals, so it designed the simplest possible bond between those familiar household items, the telephone and the television set. Some observers of the viewdata scene are beginning to question the Post Office wisdom of freezing the design of its terminal so soon, and suggest that it is taking a gamble on Prestel becoming the de facto international standard before more sophisticated alternatives can be demonstrated in large scale use. Prestel, and to a lesser extent, Teletel are contrasted to

work back into the code recognised by computer and terminal; an identification number "hard-wired" into the set so that the viewdata computer knows which terminal to bill for page access; a character generator for the construction of the shape of each character that corresponds to the codes transmitted to the terminal; and a page store retains all the characters as they are displayed on the screen. None of these features is particularly revolutionary, but it is only the advent of large-scale integrated (LSI) silicon chip circuitry that has made feasible the mass-production of television sets with these additional electronics. Both autodialler and identification number use silicon read only memory (ROM); the page store uses random access memory (RAM) whose contents can be altered. The whole package is controlled by one or more microprocessor computers on silicon chips. The Prestel screen can display up to 960 characters, in 24 lines of 40. Each character is built up by the lines joining the points of a five-by-seven matrix of dots. Each character space can be taken up by numbers, lower or upper case letters, or by one of 64 combinations of six rectangles. Teletel characters have similar characteristics. The key difference between the European viewdata terminals and those of Canada and Japan is the way in which they handle the composition of graphics. Both Prestel and Teletel information transmission is character oriented—the characters arrive at the terminal and are changed by the modem from audible tones back into computer codes. The shapes that correspond to the codes are fetched from the character

generator's ROM and passed to the page store for display on the screen. Graphics are built up as a mosaic of rectangles. (It is the way in which the characters are coded that is at the centre of the French-British wrangle over whose system should form the basis of an international viewdata standard). Character-oriented transmission is fine for letters and numbers—but for graphics, the Canadian Department of Communications has decided that the mosaic method is too crude. The Japanese have been forced to the same conclusion by the complexity of their Kanji characters. Thus, the Telidon system treats the whole receiver screen as a dot matrix. Instead of a sequence of character codes being used to build up a mosaic approximation of the required graphics, the Telidon computer transmits a set of geometric

expressions to describe them, along with colour and start and end point information. The Canadians have found that only seven different expressions are needed for nearly all purposes. These include line, arc, polygon, point and area. Compared with the awkward shapes drawn by Prestel and Teletel, Telidon's look very much like the real thing. Mr. David Searcroft, a viewdata specialist at the Butler Cox and Partners consultancy, is a Telidon enthusiast, and does not agree with the European view that the Canadian system is too complicated. He said: "I believe that in the long term, viewdata systems will go in the direction of using the whole screen as a dot matrix." Telidon needs more intelligence in its terminals to deal with the geometry, and also requires far more semiconductor memory in its page store to provide space for extra detail there is in the display. But the price of this technology is dropping all the time—and fast. The novelty of viewdata services is not just that they can provide cheap access to the information stored on a computer. The German Bundespost—whose initial service is to be Prestel—and the French PTT intend also to take advantage of new networking techniques and international computer communications standards in the viewdata services they are planning. Independent viewdata consultant, Mr. Richard Clark, of Joan de Smith and Partners, is particularly impressed with the French PTT's future intentions and describes them as "very

much office of the future." Like the Bundespost, the French PTT is prevented for regulatory reasons from entering the information business as the UK Post Office has done. So, Teletel users will be offered a service which will not only allow them access to information, but also to send messages to another Teletel receiver, or to a telex machine, or to the teletex "super telex" service currently under discussion at international standards bodies. This is "interworking," with all conversion between different types of devices being handled by a local Teletel centre that then routes the information through Transpac, the PTT's new computer communications network. Teletel information providers will link their computers directly to this network to sell their wares, rather than rent space on a PTT-run machine, as is the case in Britain. The Post Office has given interworking a low priority for its Prestel operations. This could be partly because a Prestel set with a printer that would work with telex would be a far more attractive proposition to small users than a telex machine that costs £500 a year to rent. And the Post Office has already lost the top end of the telex user market to the suppliers of the computerised message switch devices it cannot provide. As Mr Clark put it: "If I have to pay £500 a year to rent a telex machine and I could buy a Prestel set with printer for £700 or less to send messages, I would throw out the telex machine!"



The GEC Semiconductors' complete viewdata module. The board on the right is the decoder and the board on the left is the page store and display

expressions to describe them, along with colour and start and end point information. The Canadians have found that only seven different expressions are needed for nearly all purposes. These include line, arc, polygon, point and area. Compared with the awkward shapes drawn by Prestel and Teletel, Telidon's look very much like the real thing. Mr. David Searcroft, a viewdata specialist at the Butler Cox and Partners consultancy, is a Telidon enthusiast, and does not agree with the European view that the Canadian system is too complicated. He said: "I believe that in the long term, viewdata systems will go in the direction of using the whole screen as a dot matrix." Telidon needs more intelligence in its terminals to deal with the geometry, and also requires far more semiconductor memory in its page store to provide space for extra detail there is in the display. But the price of this technology is dropping all the time—and fast. The novelty of viewdata services is not just that they can provide cheap access to the information stored on a computer. The German Bundespost—whose initial service is to be Prestel—and the French PTT intend also to take advantage of new networking techniques and international computer communications standards in the viewdata services they are planning. Independent viewdata consultant, Mr. Richard Clark, of Joan de Smith and Partners, is particularly impressed with the French PTT's future intentions and describes them as "very

Many possibilities to be explored

A strictly practical sense, viewdata is all in the future. Prestel, the British version, is first by some two-three years, yet even Prestel has so far only undergone market trials, and is just beginning to creep out on to the market. Now, then, can we speak of the future of a future system in terms of different from those elsewhere in this survey? We can only do so by assuming that the present consists of the known capabilities of Prestel as it has been developed and will, presumably, be practised; and thus concentrate on "future" which can be mapped beyond these known and tested capabilities. The future of Prestel/viewdata is tied up with the general evolution on "informatics" or "communications"—these new images which have been coined to denote a communications technology, based on computer logic and using microelectronics. This will handle increasing amounts of information which now requires transmission by paper or, even

more cumbersome, requires the physical travelling of people to a common meeting place so that they can exchange information and arrive at decisions. To the modern electronics engineer or scientist, such time-hallowed (and time-consuming) methods are barbarously slow. In this context, Prestel's present capacities are merely a beginning, though one which shows, in embryonic form, what is possible. For once the link up between telephone and television is effected, and, through the phone line, access to computer-stored information is open, then the system is capable, given adaptation, of a wide range of possibilities. First, it can be more than simply a receiver which takes and displays information only when the viewer is there to view. By linking a cassette recorder to the set, it will be able to pass on and compile computer programmes for personal use later, where the user has a micro-computer. Second, and more complex, a "hard copy" (paper) printer

can be attached to the set, which can receive copy which would otherwise be displayed on the screen. Given a relatively silent system, such a printer could receive copy overnight, store it possibly producing an "electronic newspaper" for the customer's breakfast table. Printers of this sort are expensive; like the Prestel system itself, the price must come down if they are to be widely used. Revolution The "electronic newspaper" has been the subject of some worried debate, quite possibly because the newspapers in which the debate has usually been conducted have seen this development—not unreasonably—as a possible threat to their existence. Of course, it is: to their present existence. Alex Reid, the Prestel director, had some soothing words for newspaper executives in a speech he made last year. Calling the development "a third

electronic revolution in the Press," Reid said that it would enable the reader "to select instantaneously and at will from an ever-changing world-wide bank of computerised information containing millions, even billions of words. "And it will, conversely, enable the publishing house to transport its wares constantly and instantaneously into the homes and offices of its customers." However, to be able to "transport its wares" the publishers must, Reid said, take the lead in the new technology, change their roles from being "sifters and rejectors" of information to being "critics and guides, helping the reader find his way in enjoyable and effective fashion around the vast electronic libraries to which he will have access," preserve the Press's traditional pluralism and develop and exploit the new technology effectively. Given these preconditions, Reid said, the electronic newspaper would not be a destroyer

of trade, but a creator of new markets. However, the doubts that newspaper managements have are not all merely conservatism. Scepticism is not out of place when it is considered (a) that a hard copy printer is unlikely to be able to produce professionally designed, highly portable newspapers with greater or lesser number of high-quality photographs and (b) that the capital costs to the newspapers, as well as the cost to the user, is likely to delay the system, even if it can deliver as high-quality a product, for some years. As the "intelligence" of the Prestel terminal increases, so the set becomes more like a home computer, with calculation and various programme functions added on to it. Thus, a large number of games which require a screen may be played: the household, or small business budget can be worked out with the aid of a programme while, given the ability to record and store information, an infinite

number of learning programmes may be worked on. It is here where "teleshopping" comes in. Teleshopping means the storage, in the Prestel database, of computer programmes which may then be retrieved by intelligent Prestel terminals, which can then disconnect from Prestel and operate as independent Prestel computers. The software house CAP-CPP is a pioneer in this field. It has the obvious plus that, once the programme is retrieved from the system, the user hangs up the phone and now "possesses" the information, rather than "hiring" it at a constant charge. The Prestel terminal must, of course, be modified to be intelligent; it must have its own little micro-computer added to it. While this means that the intelligent terminal will always be more expensive than the simple passive terminals, micro-computer costs are coming down, constantly and quite rapidly.

Continued on next page

Roger Greer

Grid of 100 small portraits of professionals, each with a job title below it. Titles include: Chairmen, Researchers, Economists, Company Secretaries, Technical Directors, Telephonists, Sales Directors, Planners, Property Specialists, Legal Consultants, O and M Experts, Service Managers, Training Officers, Insurance Managers, Purchasing Managers, Accountants, General Managers, Designers, Distribution Managers, Office Managers, Energy Managers, Computer Managers, Receptionists, Estates Managers, Security Managers, Industrial Relations Managers, Catering Managers, Welfare Officers, Technical Authors, Brand Managers, Accounts Clerks, Filing Clerks, Export Managers, Secretaries, Marketing Directors, Personal Assistants, Negotiators, Medical Officers, Sales Managers, Research Managers, Production Managers, Personnel Officers, Advertising Managers, Public Relations Officers, Works Managers, Transport Managers, Warehouse Managers, Laboratory Technicians, Salesmen, Managing Directors, Librarians, Draughtsmen, Engineers, Systems Analysts, Administrators, Financial Directors, Production Staff, Supervisors, Supplies Managers, Plant Managers.

Only these people are expected to use Philips Viewdata Systems.

Have you ever wondered how much of your company's time is wasted simply looking for information? From board-room to boiler-room, everyone in your firm spends part of the time hunting facts and figures. As manpower gets more and more expensive, the cost of this time grows into a major overhead. And now it's unnecessary. Philips have applied the new technology of Viewdata to the world of the office. The result—Philips Viewdata Systems—is a brilliant new idea in business information. Everyone in your company can now have instant access to all the information they need to do their work—

at a cost that makes commercial sense. Philips Viewdata Systems offer you an inexpensive, highly flexible way to store and access all or any of the data your people need—from telephone numbers and lists of suppliers to credit-ratings and financial targets. This information is always up-to-date, because Viewdata is a two-way medium; records on file can be changed as soon as the facts change. And it's completely confidential, with total security control built-in. To find out how your company could take advantage of Viewdata, Philips invite you to attend a Workshop at their London Viewdata Centre. Here, you can test how Viewdata would actually work in your company by simulating real-life applications on a Philips demonstration system.

Today, it could take you five minutes to get hold of a file you need. Tomorrow, it could take five seconds.

Contact form for Philips Viewdata Systems. Includes fields for Name, Position, Company, Address, and a section for requesting a booklet or attending a workshop. Contact details: To: Tony Smith, Manager, Philips Viewdata Systems, Wilco House, 82-100 City Road, London EC2. Tel: 01-253 8467.



# INSAC

## International leaders in

# VIEWDATA

### systems

INSAC has successfully entered the Viewdata systems market, and is installing and supporting advanced Viewdata systems in Europe and the United States. In West Germany INSAC has won a major development contract to develop interfaces between Viewdata and non-Viewdata data banks, and in Holland a joint venture has been announced with VNU, a leading Dutch publishing company, to launch the first privately run public Viewdata service. In the US INSAC will establish the first Viewdata service during 1979.

INSAC's International Viewdata Centre has now been launched, and offers the following range of products and services:

- CENTRAL Viewdata software products, designed for the corporate user
- CONSULTANCY for assessing application needs and economies
- 'PREVIEW' software products for automatic loading of computer files into Viewdata structures
- SIMULATION products to assess system performance
- TRAINING for system operation, data base design, and screen design and use.
- SUPPORT for implementation, software maintenance and all aspects of Viewdata application.

INSAC is an international systems company which undertakes major software product development in association with its members (UK companies with 2100 professional systems analysts and programmers).

For further information contact: Christopher Singer  
INSAC International Limited, 17 Lincoln's Inn Fields, London WC2A 3EG  
Telephone No: 01-831 7536

## VIEWDATA SYSTEMS VIII

# A valuable aid for the business world

BRITAIN'S BUSINESS community is about to take advantage of a world "first" in new business information facilities.

While private viewdata systems are already used in large companies such as Whitbread and the General Electric Company to communicate between head office and subsidiaries, there is at the other extreme a highly complex, sophisticated computer system called Geisco, operated by General Electric. It is the world's largest computer information system.

There is little doubt that in the first instance the Post Office, in launching the world's first public viewdata system, expected to launch Prestel into the business community which could bear the cost of the sets more easily—at present, more than £100 for a colour Prestel/TV receiver or £24 a month rental (Radio Rentals price)—but there is not yet enough space on the corporation's computers in business hours to do so. So, while residential users in London were offered the Prestel system on March 26, the demand has come, not so much from them but the business community.

### Services

There are already a number of business information services operating through Prestel—Epic Computing Services, Viewtel, Fintel, PA International Management Consultants, Professional Executive Recruitment and the Institute for Scientific Information, to mention just a few.

Fintel, for example was established last December by the Financial Times and Exchange Telegraph with an investment of £500,000. Fintel provides business information in several forms—from daily news to company data and sector surveys. It also offers analysis and comment on industry and finance.

It is the largest provider of business information on the Prestel system with around 5,000 pages on the system and 4,000 more expected by the end of this year.

Already, 580 business users are connected to Prestel with 1,000 more who are waiting to be connected. But a shortage of sets makes the current demand difficult to estimate.

By 1983, Fintel estimates there will be 500,000 business users compared to 2m residential users plugged into the Prestel system.

There are other companies such as Datastream which already operated a private information system before Prestel's launch. Now parts of its information services are released into the Post Office viewdata system for customers.

This raises an interesting question of how such companies should price their Prestel information compared with their "traditional" service. This dilemma will become greater once public acceptability for the basic viewdata service has been achieved and a new phase of technological advance is undertaken, centred around the use of computing devices both in the home and in the office with the important addition of electronic printers and magnetic memory in the form of cassette recorders or mini disc units.

Unless companies modify their practices, the comparatively cheap cost to the customer using viewdata may therefore undercut present business information services. Travel agents and house agents, for instance, might experience severe competition from a viewdata service. Banking would almost certainly be affected and even professional services could eventually feel the impact.

Apart from information providers linked to Prestel, there are closed user groups. Companies such as GKN, Smedley Foods and British

Oxygen, for example have access to certain areas of Prestel, available only to themselves.

There are additionally, subscriber closed user groups. Infotex, for instance—which provides legal data.

The Post Office currently limits the number of closed user groups to around 15 per cent of the total information bank and there are estimated to be up to 50 closed user groups.

In theory, the Prestel network could connect private systems into the public network. However, because of the way the system is presently organised, an opinion seems to be moving against this idea.

In Germany, however, serious thought is being given to the establishment of a network of computers which would all carry different information (instead of identical information as in Prestel).

The growth of closed user groups is unlikely to be startling, according to one international consultancy specialising in computers.

Within the next decade, British business users will likely see the advent of the universal terminal, linking their television sets to German, Dutch, North American and Hong Kong

viewdata systems. The release of worldwide information will be an obvious advantage to both companies and information providers. American Express, for example, provides 100 pages on Prestel information through Fintel. Yesterday, it increased the page number to 500 and further expansion when international links are established is inevitable.

Developments in computer software will bring further complexities to viewdata systems. The British software group, CAP-CPH has already demonstrated its "telesoftware" technique which allows a transfer of computer programmes to "intelligent" terminals or small computers.

Britain's business information service on viewdata is being watched carefully by the U.S. Already, several American communications companies are showing a strong interest in developing a viewdata capability—based possibly on the Prestel system, although the approach will be quite different from that of the British Post Office. In the U.S., business information will be a priority—recognising that this will provide the "bread and butter" of viewdata costs.

Colleen Toomey

## When the public's ready for Prestel, we'll be ready for you.

Prestel takes off in the Autumn. By then, you'll be able to rent pages from us, free of crippling service charges and with the advantage of our equipment and the people to plan your programme, design your systems and input your data. Take as few as thirty pages or as many as you want. But remember, you're not the only middle-sized businessman reading this. Ring Barbara Ruben today on 01-353 0277 and get the ball rolling.

WHSMITH 

## The Impact of Viewdata Systems in the USA (£5,250)\*

## The Impact of Viewdata Systems in Europe (£6,000)\*

Butler Cox & Partners Limited is a wholly independent management consultancy company. These two studies are objective, authoritative assessments of viewdata systems and their impact. The studies deal with the commercial and technical aspects of the systems, the opportunities and threats they create.

The US study has already been sponsored by over fifty of the world's leading companies, and is available now. The European study, sponsored by organisations in nine countries, is now approaching completion.

The studies form the most thorough collection of detailed knowledge and authoritative opinion available on this subject.

\*The subscription to the US study is £5,250, and to the European study £6,000. Subscribers to both studies pay £8,500 in total.

For further details please contact:

The Viewdata Research Unit  
Butler Cox & Partners Limited  
Morley House, 26-30 Holborn Viaduct, London EC1A 2BP  
Telephone: 01-253 1138 Telex: 881317 GARFIELD

Butler Cox & Partners Limited

# 200,000 reasons to ring this number.

This is where you can contact Granada—the company that can tell you everything there is to know about the exciting new Prestel era.

The TV and the telephone have been brought together to create a revolutionary information system. Already there are 200,000 pages available on Prestel. Everything from facts to fun—from stock market reports to entertainment. All at your fingertips.

And, as you would expect from the world's largest independent TV rental company, Granada have all the knowledge and technical expertise so essential for such advanced technology.



So if you want to know what Prestel can do for you, ring this number now and ask for the Prestel Office.

Granada TV Rental,  
PO Box 31,  
Ampthill Road,  
Bedford, MK42 9QQ.

(Office Hours 8.30am - 6pm - answerphone operates outside office hours.)

 **GRANADA TV RENTAL**

Finally, it is certain that the viewdata systems will develop along the "interactive" route. This means, quite simply, that the home viewdata will be able not merely to receive, or store, but to communicate back to the Prestel computer, or to a range of other computers which may be accessed through the phone system.

Thus, the Prestel user may sit at home, or in the office, and call up a list of commodities which he might wish to purchase. Linking himself into the computer of the organisation which is selling these wares, he can enquire if a desired item is available, ask for it to be delivered, and if it is, then punch in a credit card number and pay for it there and then.

More controversially, the system can relatively easily be adapted to play a part in the democratic process, with the Prestel terminals acting as voting booths, or referendum aides. (The limitation here is, naturally, that they could probably only be so used when everyone has easy and assured access to a terminal.)

### Market

All of these uses, of course, depend upon a growing market: without such an assumption, the current state of the Prestel art is unlikely to be much used, and thus will not be able to provide a base for further developments. So what are the probable market trends?

Business will be the prime users: already, in the test trials, it became obvious that many business houses were anxious to try out the system's possibilities—there were many more requests for test sets than there were sets to go round.

The price, here, is a minor matter: the provision of adequate, reliable and easily obtainable data is the crucial matter. If business can be assured that it is worth the outlay, then it will sell well, initially, and the business information providers will do a roaring trade. But that alone will not guarantee the system's success.

To be wholly successful, it must be taken up by the domestic market. As yet, that market is wary, in part because of the high price, in part because of the vision of rapidly mounting phone bills (particularly where young children can use a set). In part because the capacity and usefulness of the system is not yet known.

The development of a mass domestic market depends on effective marketing (at which the Post Office is improving), a rapidly falling price and ready set availability. Given these—and the last two, especially, are still far from certain—then

Prestel would show its inventors a handsome return.

And given, these, too, the wilder dreams of Prestel enthusiasts—a growing minority of our population, with an Ancient Mariner's habit of buttonholing the unwary—may be made flesh. Call-box Prestels? The idea is past concept stage, and will soon be test-marketed. A "total television" console, incorporating Prestel, TV, home computer? It is already being developed to trial stage.

Before most of us have even seen it, Prestel's future is already being made.

John Lloyd

## Possibilities

CONTINUED FROM PREVIOUS PAGE

THE FORGOTTEN LOCAL ELECTIONS

Maybe a thorn in the side of the Tories



Mr. Tom King, the new Local Government Minister

LENGTHY round of political wrangling is beginning which will decide whether or not the Conservatives—in the aftermath of the general and local elections—will control all of the apparatus of central and local government.

depend at least in part on co-operation with the larger local authorities. The General Election campaign and outcome clearly took attention away from the local elections in the 36 metropolitan areas and 333 district councils in England and Wales, although for many people the local election results may prove in the longer term almost as significant.

Crucial role

Labour lost control of the AMA—which has a crucial role in negotiating with central government over local authority spending—through a series of local elections during the last government.

opinion polls was between 8 and 14 per cent. However, before the General Election date was announced neither party expected Labour to regain control of the AMA.

The decision to hold the General Election on the same day as the local elections introduced new factors. General elections focus attention more on the main parties rather than on local policies. Also the usual turnout for local elections is between 30 and 40 per cent rather than the 80 per cent turnout witnessed at the General Election.

council's stand against comprehensive education. Liverpool electors once again returned Labour as the largest party although again keeping it from overall control.

Whether Labour does regain control of the Association of Metropolitan Authorities will now depend on negotiations with the Liberals in these "stalemate" metropolitan districts and most critically on what happens in Walsall.

KEY METROPOLITAN COUNCILS FOR THE GOVERNMENT

Table listing Labour gains from Conservatives and Labour gains overall majority in various metropolitan councils like Coventry, Sandwell, Tameside, etc.

could radically alter the more traditional non-party approach of the association.

If Labour do gain control it will be in the areas of housing and education that there is the greatest risk of conflict with central government although there could be a fight over other issues such as the Conservative's approach to inner city problems.

right to buy his or her home—medicine the larger Labour-controlled urban contributions would not swallow easily.

Local democracy

However it would be difficult for the Conservative Government to force reluctant local authorities to abide by a general directive because the Tories also favour strong local democracy. How the Tories would cope with a series of "Tamesides" on a different issue therefore remains an unknown.

The outcome

In Walsall Labour has 28 seats, the Tories 19, Independents 6, Liberals 2 and others 5. Since the weekend no one was willing to predict the outcome of negotiations in Walsall.

The Conservative attitude towards these initiatives remains unclear. While it is unlikely that the new Government would want to dismantle the whole inner city policy more emphasis will be placed on encouraging private enterprise solutions.

Letters to the Editor

Clearly increases in gross salaries of that order are just not on while the fight against inflation is still so vitally important. Thus to suggest that the problem with British managers is that they are underpaid rather than overtaxed ignores both the economic circumstances and the way in which differentials have been squeezed.

years. My "Tax return guide" for 1979-80 runs to about 10,000 words in small print of semi-legal language I cannot wholly understand. Try, for example, page 9 "Allowances for Children—Students." Many of us are now forced to seek expert, but expensive, help.

Efficiency exists

From the General Secretary Inland Revenue Staff Federation. Sir—The letter from D. E. Logdon (April 24) scarcely, it seems to me, merited the dignity of the heading which you gave it: "A study of comparability." What was particularly unconvincing about his letter was the statement that his two recruits had "not left the civil service for higher pay" for they appear to have picked up a 50 per cent increase in pay plus expensive "company cars."

Losses and gains

From Mr. T. Shucksmith. Sir—"Playing with fire" would perhaps be a more apt title to Mr. Friedlander's letter of May 2 than "Playing the market." Taken as a whole investors cannot gain anything by playing market fluctuations.

A convenient tax

From Mr. T. Arthur. Sir—I am heartened that Mr. Brookes (May 3) believes that the most people would be best off in conditions of zero inflation. Of course they would, so why haven't we got it? Because significant minorities, in particular government and its appendages, can gain handsomely from inflation.

Playing the market

From Mr. A. Henfrey. Sir—Mr. Friedlander (May 2) is mistaken in his belief that easy pickings are available to institutional investors who attempt to time equity market movements. After paying for transaction expenses and for the mistakes (we can unfortunately only identify cyclical highs and lows with the benefit of hindsight) there is little, if any, evidence to suggest that the probability of a superior risk adjusted investment performance using this technique would be any greater than that of a naive buy-and-hold strategy.

Import quotas

From Mr. D. Davies. Sir—We import mainly from Taiwan. For the last ten years the Department of Trade has allocated us a quota to the extent of almost 120,000 dozen of a variety of clothing categories. Last year, such quota was withdrawn from us and the administration given to Taiwan.

Paperwork is the problem

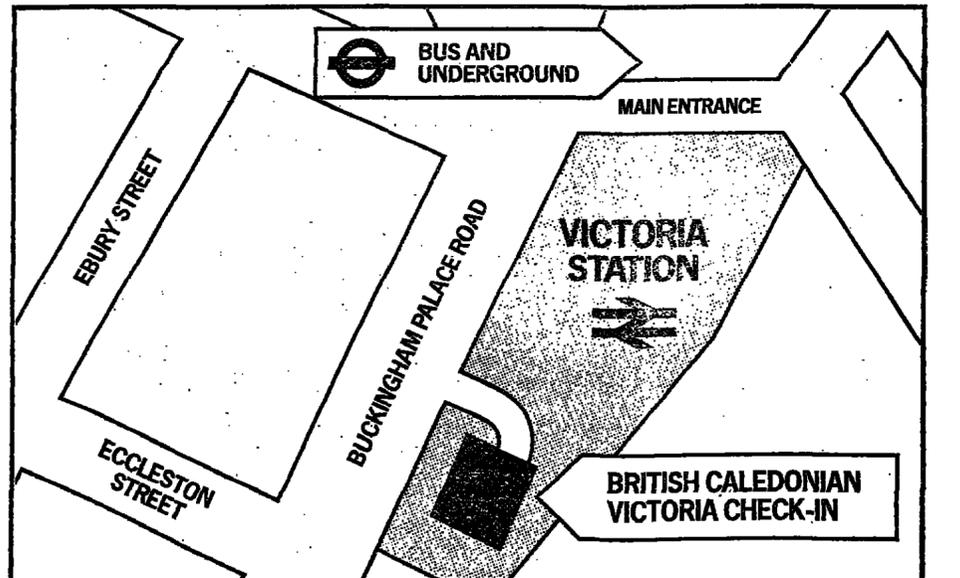
From Dr. D. Doughty. Sir—As a private taxpayer, may I put in three simple requests, above party politics, to the new Chancellor. It is for some relief from the dreadful paperwork! Our tax system has become incredibly complex over the

Handwritten note: 27/5/79

Today's Events

- GENERAL: UK: New Parliament assembles to elect a Speaker and swear in members. Engineering workers' pay talks...

Why lug your luggage to Gatwick when you can check-in at Victoria?



Fly British Caledonian and you can check yourself and your luggage in at Victoria Station. The Victoria Check-in is in our Air Terminal just above Platform 16. Arrive about 2 hours before your flight leaves London-Gatwick and you've got time for a relaxed cup of tea.

Companies and Markets

UK COMPANY NEWS

Marks and Spencer tops £161m—pays extra 23%

Euroferries up to £25.9m and considers share split

Costain expands to near £47m

WITH PROGRESS being maintained in the second six months, Marks and Spencer, the St. Michael store chain, has pushed up profits by 37 per cent to a record £161.55m for the year ended March 31 1979.

HIGHLIGHTS

Lex looks at the highly successful year for Marks and Spencer which has pushed up volume and margins in the UK though its overseas ventures are still showing uneven progress.

ANNOUNCING 1978 taxable profits ahead from £21.7m to a record £25.88m, Mr. Keith Wickenden, the chairman of Euroferries, says the company is considering splitting its share capital, giving one class of share carrying dividends and another carrying cheap fare concessions.

offer by Townsend/Thoresen ferry lines, expects to make a decision on the share split move this year.

difficult trading conditions worldwide in the textile industry and reluctance of customers to place new orders.

RECORD turnover and pre-tax profit figures in 1978 are reported by Richard Costain—now a wholly-owned subsidiary of Costain Group.

in former Nigerian subsidiaries, and the amortisation of premium on acquisition.

Total sales showed an increase of 17.5 per cent to £1,470m. In this figure UK store sales rose by 18.9 per cent to £1,350m, those for European stores went up by 20.3 per cent to £235.8m while in Canada a 2.4 per cent fall leaves the figure at £63.3m.

have been written off in arriving at the profit figure. Store opening expenses in France amounted to £437,000 and costs connected with the reduction of selling space at Lyon totalled £875,000.

Hawkins & Tipson slumps

PRE-TAX profits of Hawkins & Tipson, ropes and wire maker, slumped from £522,000 to £127,000 for the half year ended February 28, 1979, on turnover little changed at £8.72m against £8.66m.

With stated earnings per 25p share higher at 22.7p (20.8p), a final dividend of 1.98p lifts the net total payment from 2.82p to 3.08p, and the chairman says there is scope for an increase this year.

The advantage for the company in such a move would be the administrative cost saving plus the ability to offer the big institutions a higher yielding investment.

Moss Eng. on way to target

A 17.9 PER CENT increase in taxable profits, from £301,972 to £350,065 is reported by Moss Engineering for the six months to February 28, 1979.

Reduced investment in Nigerian companies and the termination of a contract in Iran account for the exclusion from orders on hand of some £30m.

AFTER TAX and a transfer from capital reserves, available profit of Brixton Estate Properties developer and investment company, came out higher at £1.85m for 1978 against a previous £1.37m.

British Northrop setback

A £59,415 pre-tax loss compared with a £145,482 surplus in the second half left British Northrop sharply down from a record £51,432 to £113,858 in 1978.

● comment Moss Engineering will be walking a tightrope for the next four months after issuing a 1979 profits forecast in sending off an unwelcome takeover offer from GEI earlier this year.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Correlation of dividend, Total dividend, Total year dividend.

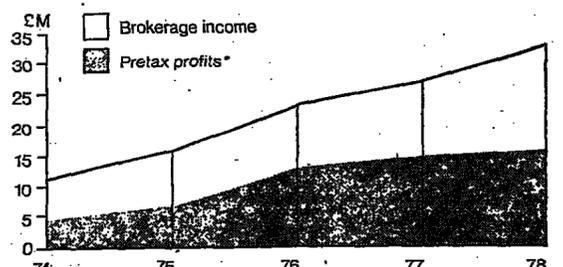
Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

22% increase in brokerage income for Minets.

One of the best performances by any international insurance broker so far reported. And a measure of the continuing growth of Minets' business.

Our total brokerage income for 1978 of £32.4m was achieved in spite of generally difficult conditions, especially overseas with the continuing effect of sterling's strength against the dollar and other leading currencies.

This factor alone, we estimate, cut Minets' pretax profit by over £1 1/2m. Nevertheless, we maintained our record of improving our year on year performance.



As in recent years, our North American business continued buoyant. With our well established presence there we feel confident that, despite increased competition, Minets' upward trend will continue.

Our discussions with the major US insurance broker—Coroon & Black Corporation—are continuing. We anticipate a successful outcome to our mutual benefit.



Here in the U.K. our recent reorganisation is providing Minet clients with an even more efficient and sophisticated service. A satisfactory growth in income was achieved in the face of continued inflationary pressures and the heavy costs involved in our move into the new Group headquarters.

Elsewhere, even though market conditions may not improve dramatically in the current year, our international group of companies are looking for further progress.

Commenting on the outlook for 1979 Minets' Chairman, Mr. John Wallrock, said he was confident the Group could respond to the twin challenge of adverse exchange movements and persistent cost escalation.

He stressed that Minets would continue to seek out new opportunities, both in terms of new markets and new services related to the Group's basic insurance broking role.

If you would like a copy of the 1978 Annual Report, return the coupon.

Form for requesting the 1978 Annual Report, including fields for Name and Address.

The name internationally recognised for insurance.

THROGMORTON

Following the conversion of £468,858 nominal 8 1/2 per cent convertible unsecured loan stock, 1988-92, of The Throgmorton Trust into 802,992 ordinary shares of 25p each on April 30, the board has decided to exercise its right under the trust deed to convert compulsorily the outstanding £539,402 nominal at 172 ordinary shares for each £100 held, subject to the option of stockholders to request repayment at par. Notice will be issued to registered holders on May 8.

ART GALLERIES

- List of art galleries including GALEY GEORGE, O'NEILL GALLERIES, REDDEN GALLERY, RICHARD GREEN GALLERY, THE PARKER GALLERY, WILKINSON, RAIL RUSSO.

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Logica has an unrivalled reputation in Integrated Communications, Electronic Office Systems and Computing. We have undertaken assignments involving both Viewdata and Teletext. Our experience covers consultancy and full software development. We can help you take advantage of these new systems.

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Advertisement for Senior Secretaries featuring a cartoon illustration of a woman and a man, and text describing their services.

# What does Hanson Trust do for a living?

You may have read recently of Hanson Trust's record financial year.

Sales increased to over £600 million and profit rose to a new high of £26 million.

However, it's almost certain you'll be less aware of the businesses in Hanson Trust which generated this excellent performance.

What do we do?

## Teach yourself Hanson Trust

From agricultural feedstuffs in the USA to brickmaking in the UK, from pump hire in Australia to milling in Scotland, Hanson Trust

is an industrial management company committed to industries basic to human needs — food, shelter and clothing.

It is founded on the simple and effective philosophy that while people may *want* the luxuries of life, they will always *need* the basics.

It's because our business is in these basics you may not have heard of many of our companies, although you will probably have heard about their profitability.

Indeed it's on this solid, dependable foundation that Hanson Trust has built its history of success.

## Here and there

The USA has been extremely fertile ground for Hanson Trust. Our investment in America has been among the major success stories of British business in recent years.

Today there are over 20,000 people employed in the USA by Hanson Trust in businesses with total sales of more than a billion dollars a year. In fact, in April 1979 'Forbes' ranked Hanson Trust's US business as the 28th largest foreign investment in the USA.

## The Record Book

You should know more of the how, why and what of this record of achievement. The report and accounts of Hanson Trust gives you not only a

financial and statistical analysis, it also tells you much more about our business worldwide.

It's available from Hanson Trust Ltd., FREEPOST, London SW3 1BR. Or phone us on 01-589 7070 and we'll send it to you.

## Hanson Trust

The industrial management company where people are as valued as assets.



Rollalong provides portable accommodation to local authorities and the construction industry.

SLD O'fling is the exclusive UK supplier of this award winning Cosmos Crane.

Hanson Trust employs over 25,000 people worldwide.

The Carisbrook Companies include the producer of this beautiful lace.

Butterley Brick is one of the UK's largest facing brick makers.

Ball Park frankfurters are made by Hygrade, a \$500 million a year corporation.

Each year Seacoast catches 750 million menhaden fish, used for animal feedstuffs.

SLD Hire has a fleet of over 4000 pumps in the UK, Ireland and Australia.

Hamlyn Angus supplies animal feeds throughout Scotland.

Interstate provides over three million meals a day for Americans.

The Henry Campbell Group produces heavy industrial thread in the UK.



UK COMPANY NEWS

Lesney profits almost halved—U.S. shortfall

AS A result of serious shortfall in North America, the Pacific and to a lesser extent, Europe, pre-tax profits of Lesney Products, the "Matchbox" toy group, were almost halved from a restated £5.5m to £3.1m for the year ended January 28, 1979.

The directors say the dominant American market was particularly disappointing as a result of the relative weakness of the U.S. and Canadian currencies, and a diversion of managerial effort to integrate the newly acquired AMT Corporation. A strengthening of management has been required.

The Pacific area suffered because of a keenly competitive Japanese market, while Europe incurred a number of negative influences particularly towards the year end.

On outlook, they state that the current year must accommodate a hardening pound as well as rapid price inflation of some raw materials. Selling prices have thus had to be increased significantly.

The rapid physical expansion last year must now be translated into increased profit and some moderation of gearing, they add.

Group sales for the year rose by 42 per cent from £63.3m to £89m, reflecting toy sales up by a quarter, with the balance resulting from the acquisition of Metal Castings (Worcester) and comprised of increased sales to industry.

After a tax credit of £0.3m (£3.5m charge), net profits fell from £6m to £5.4m. There were extraordinary debits last time of £0.8m.

Stated earnings per 5p share were lower at 16.3p (18p), but subject to Treasury charges, the net dividend total is lifted from 2.90p to 3.24p, with a 2.0635p final.

Depreciation charged for the year was £5.6m compared with £4.4m last time.

Table with 2 columns: Item, 1978-79, 1977-78. Rows include Turnover, Operating profit, Interest paid, Profit before tax, Tax credit, Net profit, Dividends, Retained.

As a result of the AMT purchase and the accelerating investment in tools for production, the directors have decided to conform with SSAP 12 and 13 and the general practice for the industry. Tooling in the balance sheet is thus carried on the basis of depreciating such costs either equally over a three-year period or the toy-product life, whichever be the shorter.

At the year-end, net borrowings had increased from £3.9m to £2.6m.

Mr. Leslie Smith, managing director, says the group is looking for a "much better" year during 1979.

Sales are currently running at least 20 per cent up on last year, and the growth is expected to continue. But Mr. Smith sounds a note of caution over the possible impact of exchange rate movements.

Interest charges were virtually unchanged at £96.155 (£95.748). The tax charge is up from £79,000 to £97,000 and last time there was an extraordinary item of £156,774, leaving a surplus of £407,269, against £140,482.

During the year, new stores were opened in Aldershot, Clyde, Hamersmith, Kettering, Oxford Circus, Tunbridge Wells, and Rotterdam. In the U.S. 21 new Mothercare stores opened and

nearly 50 per cent lower. On top of the 290 per cent jump in interest charges, the company estimates that around £3m of profits did not materialise because of adverse currency movements. Like DCM it was North America that soured the results. In Lesney's case, margins suffered from the unfavourable sterling rate, the problems of integrating AMT and much higher transportation costs incurred by having to airfreight in components for the Powertrak slot car racing system. Elsewhere, margins were only slightly better in spite of stiff competition and rising raw material prices. This factor, along with the prospect of a steady improvement in the value of sterling, must cast a shadow over the current year, although the company has produced price rises of about a fifth in order to help offset the problems. The shares dropped 12p to 64p where the p/e, on a low tax charge, is 3.8 and the yield is 7.8 per cent.

Record for Prince of Wales Hotels

As forecast Prince of Wales Hotels turned in record results for 1978. Taxable profits advanced from £378,256 to £504,391 on turnover ahead from £3.3m to £4.2m.

Stated earnings per 25p share are up from 7.24p to 10.00p. The final dividend is 6.65p to lift the total from an equivalent 0.8378p net to 1.145p.

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Record £15.76m for Mothercare

DESPITE A £1.3m increase in U.S. losses, pre-tax profits of Mothercare expanded to a record £15.76m in the year to March 30, 1979. In the previous 53-week period, the taxable surplus stood at £13.88m. Sales, excluding VAT, rose from £108.06m to £130.68m.

At midway, profits were higher at £7.02m compared with £6.42m. After tax for the year of £8.16m (£5.91m), net profits came through lower at £7.6m against £8.07m. Earnings per 10p share are shown down from 12.52p to 11.5p. The net final dividend of 2.15629p lifts the total payment from 2.95049p to 3.29229p.

Pre-tax profits include investment income less interest of £419,000 (£297,000). A breakdown of sales, excluding VAT, and profits (in 000s) shows: UK £105,722 (£88,692) and £15,728 (£13,093), Europe £15,286 (£10,714) and £1,622 (£1,069), and U.S. £9,638 (£8,657) and £1,593 loss (£251 loss).

Figures for UK are for 52 weeks (53), Europe 53 (52), and U.S. 53 weeks (50). Exports rose from £10.96m to £12.1m, of which £3.45m (£2.02m) was despatched to group overseas companies.

The directors explain that SSAP has been adopted and comparisons adjusted by £1.52m in line with this policy. The amount written back to reserves totalled £7.29m in respect of prior years.

At the year-end, there were 177 (171) stores trading in the UK, 18 (17) in Europe, and 154 (138) in the U.S.

During the year, new stores were opened in Aldershot, Clyde, Hamersmith, Kettering, Oxford Circus, Tunbridge Wells, and Rotterdam. In the U.S. 21 new Mothercare stores opened and

five Mother-to-be shops were closed as planned.

comment

Mothercare's pre-tax profits are 14 per cent higher. The vast bulk of the earnings still come from the UK and here Mothercare turned in another impressive performance with profits some 20 per cent up on the back of an 11 per cent growth in sales volume. European profits, helped by favourable exchange rate movements, also motored ahead strongly. However, the U.S. operation is running up heavy losses and Mothercare does not expect to be making money there until 1981-82.

The July 1978 acquisition of the Mother To Be stores (110 in all) has not lived up to expectations and the situation has been made worse by expensive buying mistakes. The performance of Mothercare's own U.S. stores has also been remarkably patchy and the group is reviewing its new openings programme. In addition, the U.S. mail order business has been dismal and Mothercare's ambitious plans for national advertising have been abandoned. The group is not hiding its U.S. problems and given its strong management they should not prove a millstone for long. At 176p the shares sell at 15 times fully taxed earnings.

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Reckitt & Colman expands pharmaceutical division

LAST YEAR Reckitt and Colman saw rapid growth in the pharmaceutical division and the group plans a continued expansion of resources in this area. This will be done through investment in research and development facilities together with an enlargement of production capacity.

During 1978 the group activated an international network of representation, which will permit the expansion of its developing prescription products. Two new products — Temgesic and Flencac — have been launched and letters of intent have been signed to permit the marketing of these in Germany and in Latin America. A similar arrangement is also proceeding in Japan.

Combined with the group's existing prescription pharmaceutical marketing resources around the world and the joint company which is already operating in the U.S. the directors feel

that these additional arrangements will provide coverage of the major world markets for pharmaceutical products.

The pharmaceutical division has continued to expand its new production facilities at Hull with the opening of areas for the preparation of dry pharmaceutical products. The initial stage had concentrated on the facilities for the production of liquid preparations and this has now been extended to cope with demand for existing and new products.

In 1978 group profit, before tax, improved from £57.9m to £61.3m. With the exception of North America and of exports from the UK businesses around the world turned in very good sales and profit figures in local currency terms.

A current cost statement shows a profit of £47m (£43m) after additional depreciation of £8m (£7m) cost of sales adjust-

ment £9m (£11m), less gearing £3m (same).

It is proposed to subdivide the existing 56p shares into shares of 25p each.

Meeting, Connaught Rooms, WC, May 31 at 11 am.

Cedar Inv.

After management expenses and interest pre-tax revenue of Cedar Investment Trust came out higher at £704,824 for the half year ended March 31, 1979 against a previous £594,850. Revenue for the whole of the 1977-78 year was a record £1.43m.

Tax for the period took £339,274 (£205,907) leaving a net balance of £465,550 (£388,943). Total net assets were £354.7m (£33.39m at September 30 1978) giving the value per share of 101.3p (96p) allowing for full conversion.

BANK OF SCOTLAND Annual General Meeting

The 283rd Annual General Meeting of the Proprietors of the BANK OF SCOTLAND was held yesterday in the Head Office of the Bank in Edinburgh. The Right Hon. Lord Clydesmuir, Governor of the Bank, presided.

The Governor referred to the statement, which was issued to the Proprietors along with the Report and Accounts, and added:

Booth Intl. declines to £0.64m

DESPITE A slight second half increase from £417,000 to £437,000, Booth International (Holdings), hide and skin merchant and tanner, finished 1978 with taxable profits down from £1.02m to £888,000. A profit of £1.16m was achieved in 1978.

Turnover for the period was unchanged at £32.4m. The directors state that January and February of the current year were adversely affected by national transport problems but March and April have shown improvement.

They add, however, that the company has yet to feel the full effects of the further increase in rawstock prices, making it likely that year to forecast results for 1979.

Pre-tax figure for 1978 included a £103,000 turnaround in associates contribution to £39,000 profits, and an £88,000 provision no longer required on investment in, and amounts due from, associates.

Tax for the period is down from £447,000 to £317,000 giving earnings of 10.51p per 25p share against a previous 15.14p.

The dividend is stepped up to 4.69p (4.3923p) net with a 3.1825p final payment.

comment

Booth International has struggled back in the second half, reducing its interim profits down from 68 per cent to a less staggering 39 per cent for the full year. But margins are still tightly squeezed and have halved to 1.97 per cent, with the group labouring under cheap imports and rawstock prices which almost doubled last year. Booth warns that the full effect of higher prices have not been felt yet. Presumably this will make its impact in 1979 which together with the transport strike in January and February looks like making the current year another difficult one. Overall a strong pound would bring some relief in the way of lower raw material costs but it may also place its overseas operations at a disadvantage. Prospects lie with a recovery in the tannery industry which will depend on several factors, one of which is the extent East European countries will continue to buy hides. The shares closed at 64p on a stated p/e of 5.5 and yield of 11.5 per cent.

frustrations, the restraints, the prohibitions and the uncertainties which mind. I would prefer before saying anything about that to follow up the comment in my Statement that mounting expenses had gone a long way towards offsetting the revenue benefit of more favourable interest rates and higher sterling resources. The bulk of that increase is attributable to salary and related pension costs, which have been pushed up by inflation.

Banking is a labour-intensive industry and it is, therefore, particularly exposed to the effects of inflation while at the same time none too well placed in today's highly competitive conditions to charge realistically for all the services which it renders.

In recruiting staff in the Bank of Scotland Group we have to enlist people capable of acquiring essential skills. We cannot compete unless we attract entrants of the right quality and that nowadays means offering considerably higher starting salaries.

That our Group profits were sufficiently enhanced to accommodate the increase in costs last year was in no small measure the result of the rise of 2.6% in Average Base Rate referred to in my Statement. The banking industry is one whose profitability is inescapably linked to the vagaries of interest rates; we deal in a commodity whose price we cannot determine. While, in the medium term, I do not think that a dramatic change in the levels of interest to which we are geared is at all likely, there is undoubtedly a problem here for our industry. That problem, you may be sure, is one to which the Board of Management are fully alive and the containment of operating costs is a subject which engages a great deal of our time and thought.

I turn now from that domestic theme to one of wider significance — the outcome of the General Election held last Thursday. Traditionally, as Governor of the Bank, I refrain from taking a strong political line in any pronouncements or statements which I make. It would not be in the Bank's interest to do so because I am aware that we number amongst our customers people of all political persuasions. No doubt among our Proprietors too, all shades of opinion are represented.

It was for that reason that neither in the run-up to the Devolution Referendum nor in the run-up — or perhaps "walk-up" — to the General Election did I express any opinions.

Now that the dust has settled a brief comment from me may, I hope, be allowed. Speaking as the Governor of a private enterprise which throughout its long history has prospered from serving other private enterprises, I can only view the result with a sense of relief and with renewed hope for the future. The electorate, it seems to me, has turned back the onward march of State ownership and State interference and has expressed its preference for a mixed economy in which the private sector has a major part to play. That sector will work with any government which shows a realisation of its problems and, more important, a genuine sympathy for its aims. It is my belief that the new administration under Mrs. Thatcher will do its utmost to spare industry and commerce

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GOOD ALL ROUND PERFORMANCE

Table with 4 columns: Item, 1979 £000, 53 weeks, %. Rows include Turnover, Profits (Before tax, After tax), Transfer to Reserve, Pence per Ordinary Share (Proposed Final Dividend, Proposed Total Dividend, Earnings, Assets), Revaluation Surplus.

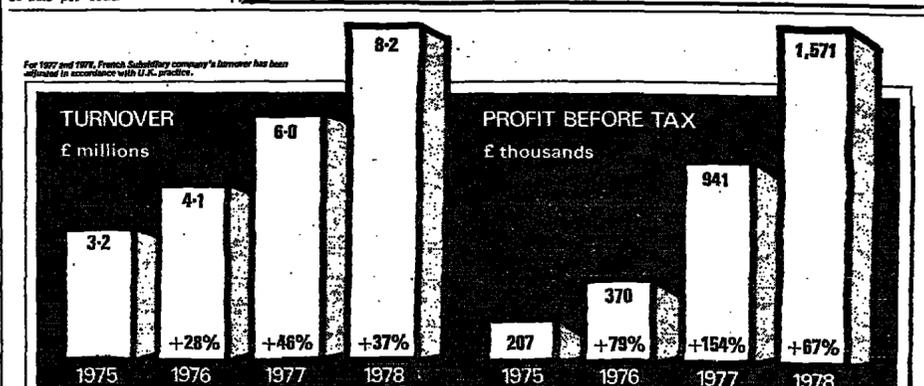
Over the last 10 years earnings per ordinary share have increased at an average annual compound rate of 34% and assets per ordinary share at 25%.

Shareholders will be welcome at the Annual General Meeting to be held at 20 Hanover Street, Edinburgh on Wednesday 30th May at 12.15 p.m.



A copy of the accounts can be obtained from the Secretary.

John Menzies (Holdings) Limited, Hanover Buildings, Rose Street, Edinburgh EH2 2YQ



MORE OFERRALL SURGE CONTINUES

Profit for the year before tax was £1,571,000 (1977 — £941,000), an increase of 67% on a turnover of £8,234,000 (1977 — £5,992,000) on the adjusted basis.

DIVIDEND A proposed final dividend of 3p per share, making a total dividend for the year of 4p per share on the increased capital has been approved by H.M. Treasury (1977 — 3.4320p per share, including supplementary dividend).

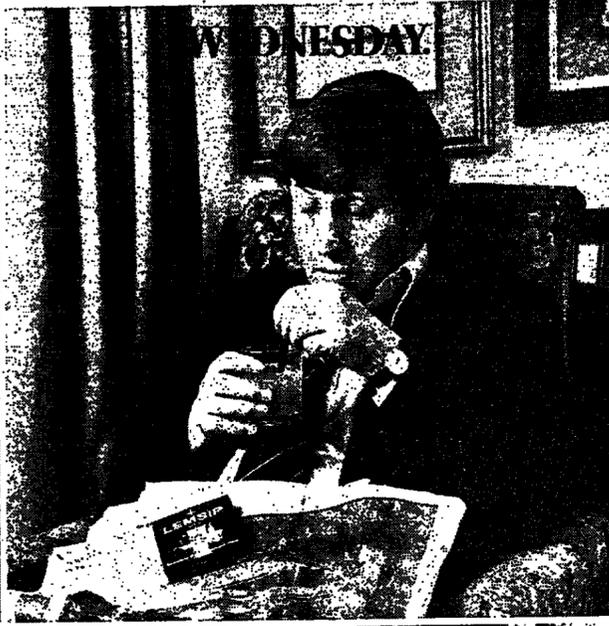
SCRIP ISSUE It is the Board's intention to propose a Scrip Issue of one for three Ordinary shares, subject to the

approval of the Ordinary shareholders. OUTLOOK The outlook for 1979 continues to be very encouraging and the Group looks forward to a further substantial improvement in results for the current year.

More O'Ferrall Limited

كسوا من الاصل

# AS YOU SEE, RECKITT & COLMAN IS AN EVERYDAY COMPANY.



And therein lies its strength. For in the 120 countries where it operates, Reckitt & Colman is involved in producing and marketing fundamental products. The kind people use every day. Day after day. We're there at mealtimes, with Robinson's baby foods for the little ones, and Colman's casseroles, mustards and relishes for the bigger ones. We're there at snack times, too, with Gale's honey and peanut butter. We're there when mum is making the house more beautiful, with products like Mr Sheen, Cleer-O-Pine and Windolene. And we're there when she's making herself more beautiful, with Supersoft shampoos and Nulon hand creams.



When any of the family is feeling under the weather, we're on hand to help with Lem-sip, Codis or Disprin. And all the while we're protecting the family's health with Dettol and Harpic. Reckitt & Colman plays a part in some areas that will surprise you: feeding the family's imagination, for instance, with our Reeves, Dryad and Winsor & Newton leisure products. Or keeping offices and factories clean and hygienic. Even providing the wine and champagne at parties and weddings!



Indeed, in any one week, a typical family might well use more than twenty different Reckitt & Colman brands, many of which will be leaders in their field.

## Strength in depth.

So far, we've mentioned less than one twentieth of our brands. It's this broad product base combined with our world-wide business spread that gives Reckitt & Colman its strength in depth. It's the kind of strength that prevents a setback in one particular field from seriously upsetting the whole—something which cannot be said for companies confined to narrower product or geographical areas. Indeed, 1978 provided a classic example of this. The company endured several major setbacks. The falling dollar rate meant lower export revenue for the same volume of output, and profits remitted from North America and some other countries translated into fewer pounds.

And in the USA, a glut of potatoes meant that we had to sell our processed potato products at very low prices. But, despite all this, group turnover was up by about 9% to £607 million and profit before tax advanced 6% to £61 million.

## New developments.

As to the future, Reckitt & Colman looks set to build from its broad base of strength. In particular, two new developments in the pharmaceutical field are worthy of mention. These are Temgesic, a powerful new analgesic, and Flenac, an anti-arthritic compound with considerable international sales potential.

So, as you see, when it comes to strength, stability and new product development, Reckitt & Colman is no ordinary everyday company.

# Reckitt & Colman

To: Reckitt & Colman, FREEPOST, London W4 2BR.  
 Please send me a copy of Reckitt & Colman's 1978 Annual Report.  
 (Postage is paid. Please do not stamp your envelope.)

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Group Headquarters: 1-17 Burlington Lane,  
 London W4 2RW FT

# ELBAR INDUSTRIAL LIMITED

Results and extracts from the Hon. A.L. Hood's statement issued with the Company's Report and Accounts for the year ended 31st December, 1978

	1978 £	1977 £
TURNOVER	50,095,521	45,013,619
OPERATING PROFIT BEFORE INTEREST	2,757,407	2,639,938
PROFIT BEFORE TAXATION	2,300,443	2,073,149
PROFIT AFTER TAXATION	2,098,492	2,062,020
DIVIDENDS (Maximum permitted)	326,573	195,943
EARNINGS PER SHARE	64.26p	84.19p
DIVIDENDS PER SHARE	10.00p	8.00p

Note: The Group's accounting policy in respect of deferred taxation has been changed, with effect from 1st January, 1978, in order to comply with Statement of Standard Accounting Practice No. 15. Taxation is therefore provided only to the extent that it is likely to be payable within the foreseeable future. The comparative figures for 1977 have been restated on the same basis.

In 1978 the Elbar Group made no new acquisitions so that the composition of the Group at the end of 1978 was the same as at the end of 1977. The growth in turnover from £45 million to £50 million is certainly satisfactory.

The first half of the year was active and profitable for the Car Divisions and the Industrial Engines Division was also buoyant. The Agricultural Divisions had a more difficult time.

The second half year was affected by the Ford Motor Company strike. Turnover necessarily fell severely affecting the results for the last quarter of 1978.

The Elbar Engineering Company at Elgin had a highly successful year and the Group's remaining operations, not affected by the Ford strike, performed well.

Overall, 1978 has been by no means an easy year and the achievements of even moderately increased trading profits, rising from £2.6 million to £2.7 million is of great credit to all concerned.

The Financial Statements reflect adoption by the Group of Accounting Standard No. 15. Tax liabilities are now included to the extent only that they are likely to be paid within the foreseeable future. As a result, the provision for tax in the current year is reduced to 4.6% of profits before tax compared with 52.4% if full provision for Deferred Taxation had been made. £2.8 million has been transferred from Deferred Taxation to Reserves, strengthening materially the equity base upon which all the Group's trading activities are founded.

1979 has had a difficult start. The problems caused by the Ford strike had not been fully overcome by the end of March and were compounded by the heavy transport drivers' strike. January, February and March brought the worst weather conditions for many years with consequential slow trading in all areas. The Group requires to borrow substantial amounts to finance its business and interest rates are high. These circumstances must necessarily affect the Group's trading for the first half year. It is not possible to make any well based forecast, but we shall all strive to achieve results for 1979 comparable with those of 1978.

The Company's Annual General Meeting will be held in the Council Chamber of the Chartered Insurance Institute, 20, Aldermanbury, London EC2V 7HX, at 12 noon on Wednesday, 30th May, 1979.

## Companies and Markets

## UK COMPANY NEWS

# Hepworth's profits rise by 36% at halfway

A 36 per cent jump in taxable profits is reported by J. Hepworth and Son, the multiple tailor. The surplus in the half year to February 28 this year rose from £2.78m to £3.75m on turnover ahead 22 per cent from £20.97m to £26.68m.

The directors say the rate of turnover increase has continued. They add that the reason for the increase is "shop in shop" expansion and the impact of increased selling area.

The interim dividend is raised from 0.72p net per 10p share to 0.79p. Last year's total was 2.64p.

After tax of £1.55m, against £1.58m, and minorities this time of £10,000, the surplus is ahead £1m to £1.19m.

Pre-tax profits for the whole of last year were £5.23m (£3.56m) on sales 28 per cent up at £42.6m. The directors said in their year-end report they were confident about the current year.

**comment**

In common with other menswear retailers, Hepworth has benefited from the increase in retail spending and first half profits show a rise of more than a third. The results—which pleased the market, sending the shares 4p higher at 98p after 100p—reflect a volume gain just short of a tenth excluding new openings. The policy of relocating shops away from arcades to premises with a High Street frontage giving more exposure and increased selling space needed for newly introduced merchandise, the company is about halfway through this programme of re-

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Some meetings are usually held for the purpose of considering dividends. Official indications are not available to whether dividends are in prospect or final and the sub-divisions shown below are based mainly on last year's results.

**TODAY**

Intarims—Aldyott and Smithers, Leaton and Provincial Shop Centres, Westward Television.

Friday—Hepworth, British-Borned Petroleum Syndicates, Burtol Pulp and Paper, Derwent Stamping, Dulac, Erasmia Investment Trust, Farnley Agricultural Industries, Matthew Hall, P. C. Henderson, LK Industrial Investments, Leasing Properties, London and Northern, Mallinson-Denny, J. Sainsbury, Sears Holdings, Trans-Atlantic Investment Services, United Engineering Industries, Winchmore Investment Trust.

**FUTURE DATES**

Company	Date
Australia and New Zealand Bank Ltd.	May 21
Caplan Profile	May 14
GR (Holdings)	May 11
Barrow Sealed Air	May 11
Morgan Crucible	May 7
Peak Investments	May 11
Wintec	May 11
Wintec	May 11
Allied Irish Banks	May 16
Bank of Scotland	May 25
City of Oxford Inv. Trust	May 16
Fashion and General Inv.	May 18
Harrogate Investment Trust	May 11
Hanlon	May 11
Hinton (Apsco)	May 10
Monte Investment Trust	May 23
Newman Industries	May 10
Scottish Finance	May 10
Polymers International	May 14
Scottish Northern Inv. Trust	May 15
Whitbread Investment	May 17
Witac Investment	May 17

creating about 120 shops. Meanwhile the improved cash flow has eliminated borrowings, giving increased flexibility for possible expansion. The second half is usually less important than the

# More O'Ferrall jumps to £1.6m

FOLLOWING A rise from £407,000 to £710,000 at midway, taxable profits of More O'Ferrall finished 1978 at a record £1.57m against a previous year's £1.07m. Turnover for the year was well up at £3.23m compared with £3.99m.

The directors state that the current year continues to be encouraging and they look forward to a further substantial improvement in results.

At the interim stage directors were satisfied that pre-tax profits for the full year would show a substantial increase.

After the year's tax charge of £384,000 (£502,000) earnings are shown as 15.25p (9.46p) per 10p share. The dividend is effectively raised to 4p (3.05p) with Treasury permission having been granted with a final of 3p net. Also proposed is a one-for-three scrip issue.

The company is involved in outdoor advertising and ancillary services.

**comment**

Continued success with its "network" and "superette" advertising programmes plus general increases in overall advertising expenditure—particularly that portion spent on outside promotions—are the main factors in More O'Ferrall's strong 1978 figures. Rates rose by roughly 12 per cent and there was a contribution from new sites acquired during the year. But

volume growth of around 15 per cent played a substantial part in the 37 per cent turnover increase. The profit surge contains a small element of recovery lingering from the relatively poor performance in 1977 and 1976, but the main propulsion came from higher utilisation of available sites. The performance is a little better than some competitors and compares extremely favourably with other media. The shares, at 92p, have a stated p/e of 9.2 and a yield of 4.3 per cent.

## First half shortfall seen by BA

Profit for the first half of 1979 was expected to fall short of the £12.63m last year, Sir Brian Kelfell, the chairman, said at the AGM.

Strikes had adversely affected results for January and February, he explained.

He stated that world demand for aluminium ingot was strong and that international prices had risen significantly since the beginning of 1979.

But this had not been reflected in the UK market for semi-fabricated aluminium in which the group depended for the major part of its revenue.

## £42,683 loss for S. Sherman

AFTER A £51,930 extraordinary credit, there was a pre-tax loss of £42,683 in 1978 at Samuel Sherman, manufacturer of ladies dresses. In the 15 months to end-1978, the loss totalled £244,387.

Sales stood at £1.3m (£1.76m). After a tax credit of £1,170 (£4,083), losses per 10p share are shown at 2.34p (5.88p). There is again no dividend, the last being 0.63p per share for 1974.

The extraordinary credit arises from £31,540 profit on sale of freehold, and £39,510 compensation, redundancy and severance pay on closure of part of business.

The directors say reorganisation continued in the second half which proved very successful. The pro trading results, as in the first half, reflect lower turnover and reduced margins, and were affected by the reorganisation and by production difficulties.

Action taken during the year has improved and stabilised the financial position, and trading has also improved.

## Averys just ahead and lifts payment

WITH A £90,000 slip in second half taxable profit, Averys, weighing machine maker, finished 1978 marginally ahead from £15.4m to £15.63m. However, following the bid approach by General Electric Company of the UK in November, Treasury consent has been given for a near 3p increase in net dividend.

At half-time, when profit was up from £9.36m to £9.7m, the directors said that sales were at record levels largely because of inflation. Industrial action at the main weighing machine factory at Smetwick had adversely affected performance but a better second six months was anticipated.

Sales for the year were ahead £8.77m at £108.9m. Tax with the deferred element treated in line with accounting standard No. 15, took £3.36m (£6.49m) leaving net profit higher at £12.27m (£8.91m) for earnings per 25p share at 32.7p (23.4p).

A net final dividend of 6.84p (5.88p) lifts the total to 8.48p (5.88p).

The figures are stated after reclassification of Avery Nigeria as an associate following a reduction of the group's interest in this company to 40 per cent in accordance with the Nigerian Enterprises Promotion Decree.

## Averys just ahead and lifts payment

treatment of tax under SSAP 15 which reduced the charge by £0.5m, a further £3m (1.7m) tax cut was achieved by undertaking third party leases and some leases of group products. The company intends to continue leasing products in future, they say.

**comment**

Shares in Averys dropped 14p to 240p yesterday after a pedestrian pre-tax profit performance. But, with at most three months before the Monopolies Commission pronounced on the mooted offer from GEC, the group has displayed a great deal more vitality below the line. The leasing company, established at the end of 1977, and to a lesser extent the adoption of SSAP 15, have helped to lift attributable profits by 40 per cent where the stated p/e is 7.1 and the yield, after the 5.7 per cent dividend increase, is 5.7 per cent. Given that the shares have traditionally traded on a double digit earnings multiple, that may be enough to build the foundations of a useful bid defence but Averys also needs to flex its muscles at the end of the year. Turnover would have been some £5m higher had it not been for an equity reduction in Nigeria, adverse sterling parities and strikes last summer. Nigerian profits were not materially changed but, now that production has been raised, the group expects to pull back some £500,000 loss through the strikes.

An aggregate £60,000 shortfall in New Zealand and South Africa may be more difficult to recoup but the overall order book was about 25 per cent higher at the year end and Averys may yet have more shots in its locker.

## Henry Boot looking for significant improvement

A SIGNIFICANT improvement in the fortunes of Henry Boot and Son is expected during 1979 by Mr. E. H. Boot, the chairman. This will result from the managerial and organisational changes made, coupled with the group's solid asset base, he says in his annual statement.

Members are told that the action taken has had an additional restraining effect, but Mr. Boot is satisfied that in 1979 the company started with a sound base leading to modest growth and with an acceptable level of profitability.

As reported May 4, the company slumped to a £3.7m loss for 1978, against a £2.01m profit previously. No final dividend is proposed, recommended leaving the 2.5p net interim dividend compared with 1977 total of 9.18p. The

## Henry Boot looking for significant improvement

main causes of the setback were primarily in respect of local authority housing contracts. A divisional breakdown of turnover of £77.96m (£70.97m) and profit shows £20,000 (£20,000) construction £50,885 (£87,514) and £4,694 loss (£11 profit); engineering £3,732 (£2,952) and £62 (£110); foundry £1,881 (£1,076) and £105 (£59); joinery £3,340 (£3,959) and £39 (£19); plant £1,306 (£1,200) and (£59); property, development and leisure £943 (£1,131) and £366 (£561); agricultural equipment £910 (£534) and £365 loss (£79 loss); finance £496 (£569) and £439 (£569); parent company £24 (£242) and £274 (£207).

At balance date, net short-term borrowing was up by £475,000, compared with a £225,000 decrease a year earlier.

## Yearlings still at 11%

The coupon rate on this week's batch of local authority yearling bonds is maintained at 11 per cent. They are issued at par and due on May 9, 1979.

The issues are: Cambridgeshire County Council (£0.5m), Chelmsford Borough Council (£0.5m), London Borough of Lewisham (£1m), Dudley Metropolitan Borough Council (£1m), Epping Forest District Council (£0.5m), East Staffordshire District Council (£0.5m), St. Edmundsbury District Council (£0.5m), Orkney Islands Council (£0.25m), London Borough of Bromley (£1m), Copeland Borough Council (£0.5m), London Borough of Ealing (£1.5m), Lothian Regional Council (£0.5m), St. Helens Metropolitan Borough Council (£0.5m), West Somerset District Council (£0.25m), Wigtown District Council (£0.5m), Borough of Chesterfield (£0.5m), City of Glasgow District Council (£1m), Corporation of London (£1m), City of Aberdeen District Council (£1m) and Northampton Borough Council (£0.75m).

Also issued at par are 11.5 per cent two-year negotiable bonds due on May 6 by North Wiltshire District Council (£0.25m), South Kesteven District Council (£0.5m), South Ribblesdale Borough Council (£0.5m) and North

## Yearlings still at 11%

Warwickshire Borough Council (£0.25m).  
Ogwr Borough Council is raising £0.4m by way of 11 per cent bonds due on May 5, 1982, at 11 per cent. Eastbourne Borough Council is raising £2.0m through the issue of 11 per cent bonds due on May 4, 1983, also at par. Lochabar District Council and London Borough of Islington is issuing £2.5m and £0.5m respectively 11 per cent negotiable bonds at par due on May 9, 1984.

## BEATSON CLARK

Beatson, Clark, announces that in response to the offer of 25p each of 8.5p per share on the basis of one for three, acceptances have been received in respect of 1,388,942 new shares (95.1 per cent).  
The balance of 27,165 shares has been sold at a net price in excess of the subscription price and the net proceeds will be distributed to the persons entitled.

## MADDOCK

The rights issue by Maddock has been accepted in respect of 7,350,827 ordinary shares (95.83 per cent) and the 1,205,543 unsubscribed ordinary shares have been sold.

# Energy Services up 22% and expects increase for 1979

AN INCREASE of 22 per cent in taxable profits is announced by Energy Services and Electronics, electric and electronic components manufacturer, from £288,000 to a record £1.06m for 1978. Turnover rose from £7.08m to £8.69m.

During the year profit margins on overseas sales were reduced significantly by the strength of sterling against the U.S. dollar, the directors state. Increased profits are expected for the current year at all companies, provided, they say, profit margins are not eroded by a continued strengthening of sterling.

At halfway profits had risen to £508,000 (£461,000) and the directors said they expected second half profits to be at least as good as the first.

Stated earnings per 10p share are 2.22p (1.87p) and a final payment of 0.3p net makes a 0.5p (0.3p) total for the year, absorbing £189,000 (£111,000).

After SSAP 15 adjusted tax of £228,000 (£209,000), minorities £4,000 (£8,000) and a £34,000 trading loss after tax last time, relating to subsidiaries which have ceased to trade or sold since the year end, attributable profit came out at £825,000 compared with £814,000.

The amount retained and transferred to reserves was £836,000 (£503,000).

**comment**

A steady rise in profits from Energy Services and Electronics is what the market was looking for and it was not disappointed in yesterday's showing with the pre-tax figure 22 per cent higher. Yet the result could have been considerably better if Neave, supplying professional studio equipment, had covered its foreign exchange exposure on some long U.S. contracts. As it

was the strength of sterling put a dent in profit margins, but "positive" about our own and Meaning Livingston Hire saw a substantial increase in business and was obviously the main motivator behind the profits increase. This subsidiary expanded its range of instruments taking in micro processor development systems for computers, which proved very successful. Of the two smaller operations Euro Electronics made a good profit and Lion Oil (the only part left from the costly filtration with the North Sea) broke even and should be in the black this year, overall a very good year of growth is in prospect for 1979, in particular Neave, where a new range of consoles should make an impact. The management team is also being strengthened which is good news, but at 30 1/2, where the p/e is 13.8 and the yield 2.5 per cent, the shares are looking high enough.

# Fairbairn's subsidiary losses over £1m—omits final

LOSSES in a subsidiary of Fairbairn Lawson, the engineering group, are estimated to be £1.03m for 1978, on a reduced turnover. The parent is not paying a final dividend—3.08p net was expected at the halfway stage.

Sir John Lawson, the group's chairman, has revealed the extent of the losses in a letter to shareholders.

This follows an announcement in March that serious discrepancies had been discovered in the management accounts of a major subsidiary, Greenbat, emanating from a breakdown in the accounting controls.

Sir John said yesterday: "The company's auditors were asked to institute an immediate investigation and shortly afterwards

Price Waterhouse Associates, the management consultancy section of our auditors, were asked to assist us in our investigation into the discrepancies, which were in stock and work-in-progress and arose from problems with the computer system installed at Greenbat late in 1977.

"The group audited results for the year to December 31, 1978, are not yet available but it is clear that Greenbat has made a substantial pre-tax loss which is expected to be approximately £1.03m on a reduced turnover. Pre-tax profits for the other operations amount to £380,000 on sales of £9.87m, resulting in an overall group pre-tax loss for the year of approximately £162,000."

Sir John tells shareholders: "In addition, following the concern expressed in our interim statement about our unquoted investment in Australia of

£132,000 and the appointment of a receiver, we have now written off £120,000 of that amount as an extraordinary item.

"Also, as an extraordinary item, full provision of £151,000 has been made for amounts due in respect of plant and equipment supplied, but a claim has been made in respect of this loss. Whilst your directors are confident of receiving a substantial sum in respect of this claim, it has not been deemed prudent to anticipate any recovery at this stage.

"In these circumstances, your board will not feel able to recommend a final dividend."

The audited results will not be announced until the beginning of July, and the report and accounts will be posted shortly after. "The report will detail the actions taken by the company to rectify the position," he adds.

## Barlow companies merging

Four Malaysian rubber estate companies in the Barlow group have agreed the basis for a merger into a new holding company, while in a parallel operation, two investment companies are proposing a straight merger.

The estates are Bradwall (F.M.S.), Chersonese (F.M.S.), Muar River and Sungai Krizan, all of which are already related through direct holdings as well as through the interests of associated companies and common directors. The investment companies involved are Majedie Investments and Sekong Rubber.

The shares of the existing estate companies will be cancelled and transferred to the holding company on the following basis (with all shares having 10p nominal value): 73 new shares for every 100 in Bradwall, 80 for every 100 in Chersonese, 89 for every 100 in Muar River and 140 for every 100 in Sungai Krizan.

The elimination of the cross holding structure should assist shareholders in assessing the value of net assets, while the new group should provide a more suitable structure for giving effect to the New Economic Policy of the Malaysian government, the Barlow group says.

The board of the new company intends to initiate discussions with the Malaysian authorities with a view to agreeing the basis on which the government's New Economic Policy should apply to the estates in the country. This will involve participation by Malaysians in ownership and management, and it is anticipated that a new subsidiary will be incorporated to hold the estates, with shares being made available

to Malaysians in due course. Dividends already declared by Bradwall and Chersonese, and proposed by Muar River, will still be paid through the merger, to be effected through a Scheme of Arrangement, will give the new company all rights attached to the present shares.

Companies involved in the scheme, including their subsidiary, are to be taken together with associated companies and directors, currently hold 56.95 per cent of the total capital of Bradwall, 48.9 per cent of Chersonese, 54.42 per cent of Muar River and 67.31 per cent of Sungai Krizan.

The merger between Majedie and Sekong, also to be effected through a Scheme of Arrangement, will entail cancellation of all Sekong shares not already owned by Majedie and its subsidiaries and joint subsidiary Advani. Majedie will offer 177 shares for every 100 in Sekong.

The Majedie board intends, in the absence of unforeseen circumstances, to recommend a dividend of at least 0.82137p for the year to September.

Sekong, Advani, directors and associated companies at present hold 69.3 per cent of Majedie, which is itself almost entirely held by Sekong, directors and associated companies.

It is expected that both schemes, if sanctioned, will become effective on or about July 20.

Brooke Bond Liebig: D. M. S. Baxter, director, has sold 50,000 shares.

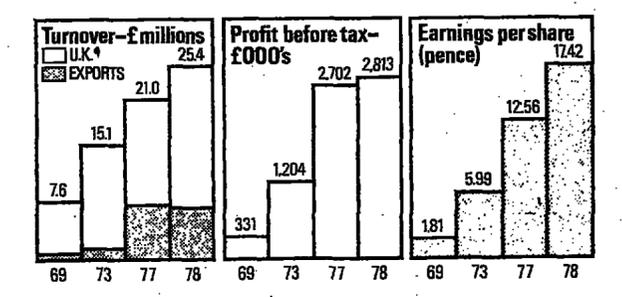
Fairview Estates: D. J. Cope, director, disposed of 30,000 shares on May 3, 1979.

# J.B. Holdings

The Johnston Group of Companies  
Civil engineering, building and road surfacing contractors, manufacturers of concrete and g.r.p. pipes, roadstone, road suction cleaners and hydraulic equipment.

## Ten years of increased profits

- \* Earnings per ordinary share up 38%.
- \* Dividend per ordinary share increased from 1.06p to 1.47p, with Treasury consent.
- \* Group turnover up 21% to £25,401,000.
- \* Group profit up £111,000 to £2,813,000.



Copies of the 1978 Report and Accounts may be obtained from the Registrar's Department, Midland Bank Limited, Courtwood House, Silver Street Head, Sheffield S1 3RD.

# SKF

## Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Aktiefolaget SKF will be held at SKF Kristinedal, Byfogdegatan 2, Göteborg, Sweden, at 3.30 p.m. on Monday 28 May 1979.

### Agenda

Ordinary general meeting business will be transacted in accordance with Swedish law and articles of association.

**Right to attend**  
For the right to participate in the meeting, shareholders must be recorded in the shareholders' register kept by the Securities Register Centre (VPC AB, Box 7444, S-103 91 Stockholm) by Friday 18 May, and must notify the Company, at the address below, before noon on Wednesday 23 May of their intention to attend.  
Shareholders with shareholding registered in banks or other authorized depositaries must temporarily re-register holdings in their own name by Friday 18 May to be able to participate in the annual general meeting.

**Payment of dividends**  
The board will recommend that shareholders with holdings in the VPC AB register records on 30 May be entitled to receive dividends for 1978. If this date is accepted by the annual general meeting it is expected that the Securities Register Centre will send out notice of payment to recorded shareholders and listed depositaries on 7 June.

Proxy forms are available from  
A/B SKF, S-415 50 Göteborg, Sweden. Tel: (31) 37 10 00

MINING NEWS

Japanese buying new coal stake

BY PAUL CHEESRIGHT

THE LINKS between the Australian coal industry and Japan looked as if they would tighten further yesterday when Electric Power Development declared in Tokyo that it would take a stake in Blair Athol Coal of Queensland.

The extent of the stake was not disclosed but Nihon Keizai, the Tokyo economic daily, suggested it would be between 15 and 20 per cent.

Blair Athol is 62 per cent owned by Conzinc Riotinto of Australia and 38 per cent by Atlantic Richfield, the U.S. oil group, which bought its stake last December.

Electric Power Development said that negotiations were taking place to arrange its participation and a contract should be concluded by the end of the month. However, there was no knowledge of the negotiations at the London headquarters of Rio Tinto-Zinc, the parent company of CRA.

The announcement comes at a time when production at Blair Athol has been running down, owing to the expiry of local power station contracts. Production in 1978 was 175,000 tonnes, but slipped to 144,000 tonnes in 1977 and 129,000 tonnes last year.

The output has been low in relation to the reserves at Blair Athol and its associated deposit, Capella. There are 222m tonnes of measured and 44m tonnes of indicated reserves.

The coal at Blair Athol is of a high grade, steaming variety with a low ash and a low sulphur content. The coal at Capella is again high grade, but of the coking variety, and its development depends on what happens at Blair Athol.

The reports from Tokyo suggested that there would be a massive development at Blair Athol, raising production to 10m tonnes a year by 1985, most of which would be shipped to Japan.

Although CRA has said that it has been studying the prospects of large scale export sales, no precise figure has been mentioned in the past. It would make sense, however, for CRA and Arco to exchange an equity stake in the project for funds and a secure market with a Japanese utility.

Hitherto, most direct Japanese equity participation in the Australian coal industry has been through the steel industry, interested in supplies of fuel for the mills.

Electric Power Development intentions at Blair Athol are fulfilled, they could be the start of a new trend, linking utilities to the Australian coal fields. Japanese steaming coal imports have latterly been running at about 1m tonnes a year, but they are expected to rise to over 25m tonnes by 1990, with Australia providing half the requirements.

Blair Athol is well placed to take part in such an expansion of the trade. Although it is isolated to the west of the Bowen Basin coalfields, it is nonetheless on the Queensland railway system with access to the ports of Gladstone and Hav Point. Both these ports are developing their facilities.

Texasgulf has South African platinum hopes

In a South African radio broadcast Mr. Leo J. Miller, a vice-president of America's Texasgulf, said that his group was considering the establishment of a \$300m (217m) mine and mill near Brits, in the Transvaal, for the recovery of platinum group metals from chromite ore.

But Mr. Russel London, managing director of Texasgulf's Pandora Mining subsidiary, said that no decision had been taken on whether to go ahead with the project. And a spokesman for Texasgulf in the U.S. confirmed that no decision had been made.

Mr. Miller said that the mine could use a unique plasma extraction method which in pilot plant testing in Britain has given encouraging results. For some time, in fact, it has been known that Texasgulf has been looking at the possibilities of the Brits mine, but a major hurdle for the U.S. group could be the financing of such a large project in South Africa.

Tin production for April

A BETTER tin concentrate output for April of 335 tonnes is reported by Berjanting Tin Dredging in the Malaysia Mining Corporation group. However, it still leaves the big Eastern producer with a 13-month total of 4,119 tonnes against 4,975 tonnes a year ago. On the other hand, Ayer Hitam has done less well in April but this mine's latest 10-month total of 1,875 tonnes goes against 1,407 tonnes in the same period of 1977-78.

Also doing well are Malayan Tin with a 10-month total of 2,826 tonnes against 2,158 tonnes and "Southern Malayan with a total of 2,062 tonnes against 1,712 tonnes for the same period. Trough lags with a four-month total of 673 tonnes against 823 tonnes. Kramat's dredge remained shut down pending approval to cross the Tapah road.

The group's latest production figures are compared in the following table.

	April	March	Feb.
Ayem Hill	114	148	152
Berjanting	195	182	188
Kamunting	60	58	58
Kuala Lumpur	10	13	16
Lower Park	13	13	17
Sumat	28	26	24
S. Kinta Cons.	151	145	128
Sih. Malayan	187	170	174
Tongkah	197	188	213
Tongkah Harb.	37	78	61
Tongkah Mines	178	165	158

Of other tin output figures for April, the 304 tonnes produced by the single-dredge Pengkalen is the best since July, 1978. It makes a total for the past seven months of 711 tonnes against 571 tonnes a year ago. Gopeng is keeping ahead with a seven-month total of 1,125 tonnes against 920 tonnes.

	April	March	Feb.
Gopeng	157	152	152
Tanjong	114	134	129
Kamunting	60	58	58
Pengkalen	304	294	291

BIDS AND DEALS

Tilling spending £11.7m on U.S. energy expansion

Thomas Tilling is extending its U.S. energy interests through the purchase of Ramteck Industries Inc., the Texas oil and gas industry equipment manufacturer, in a deal worth \$24.2m (£11.7m).

In the year ended August 31, 1978, total sales of Ramteck were \$43m (£20.8m) and consolidated profits before tax were \$4.9m (£2.4m).

Tilling explains that in 1978 it had acquired Norwell-Wilder Supply, which through 28 operating locations in the southern United States, supplies drilling casing, production and maintenance equipment and components to the oil exploration and petrochemical industries.

"The acquisition of Ramteck provides an excellent opportunity to expand Tilling's existing energy interests beyond distribution into manufacturing equipment and components for the increasingly vital oil and gas industries."

Tilling's involvement in energy production and conservation led to its purchase in March of Clecon, a U.S. fabricator of faced fiberglass insulation products.

Ramteck is privately owned, employs over 900 people and has two plants in Texas.

Its F. H. Maloney Company of Houston manufactures measurement systems and control systems for new and existing pipeline operations; specialist-designed rubber products for the exploration, production, transportation and refining sectors of the energy industry; and high performance laminates and metal replacement components for compressor.

The other company, the Rochester Corporation of Culpeper, Virginia, produces armoured and non-armoured electromechanical cable for use in oil and gas well logging and perforating and also in mining, oceanographic and other power and signal applications.

Rochester is the second largest U.S. producer of electro-mechanical cable.

THREE RAYBECK DIRECTORS CUT THEIR STAKE

The directors of Raybeck, a leading West End clothing retailer which recently paid £11.3m for Bourne and Hollingsworth, have cut their stakes in their company by slightly more than 20 per cent.

Mr. Ben Raven, chairman and chief executive has sold 300,000 shares, the deputy chairman and joint managing director, Mr. Alfred Simons has disposed of 150,000 while Mr. Harold Davies, also a joint managing director, has sold 300,000.

"Simply personal reasons," said Mr. Raven last night. "There have been no Boardroom problems and we all have the utmost confidence in the company."

According to the 1977-78 balance sheet, directors or their families own just over 10 per cent of the 36.3m Raybeck shares on issue. Interests associated with Mr. Raven controlled 1.8m shares and Mr. Davies controlled 1.06m shares. Mr. Simons and his family had a stake of 908,018 shares.

The shares were sold at 133p and raised slightly more than £1m for the three directors and family interests.

MIDLAND BANK BIDS FOR AUSTRALIAN FINANCE COMPANY

Midland Bank is one of the bidders for the finance subsidiary of the failed Australian finance company Associated Securities.

Midland is being advised by its Australian associate, Capel Court Corporation on the acquisition.

Associated went into receivership in February after the major shareholder, Ansett Transport Industries withdrew its support.

Bids for the finance subsidiary, ASL Finance were due by April 30, and an announcement from the receivers on the successful bid is expected shortly.

Allanz, the West German insurance group, recently bought the insurance offshoot of Associated.

Senior agrees bid for General Engineering as losses mount

Senior Engineering, the diversified engineering products group, has made an agreed bid worth just under £1m for General Engineering Co. (Radcliffe).

At the same time General Engineering has announced net losses totalling £1.47m in the nine months ended December 31, 1978, compared with a £500,000 profit in the year to March 1978. Group sales in the period were £6.9m (£9.2m).

The deficit, which is £0.5m more than the £900,000 forecast at the AGM in September, is attributed to redundancy and reorganisation costs and rising raw material costs. Last night the company explained that the September prediction did not include the cost of factory closures and various other reorganisation costs.

The terms of the offer are 32 Senior shares for every 100 GE. On the basis of Senior's closing price yesterday its values each GE share at 8.16p

GE's shares, which started the day at 14p, finished 5p lower at 8p.

The directors of General Engineering, which makes wire and cable machinery say they consider that the offer is fair and will accept it in respect of their own shareholdings amounting to 1.07 per cent of the company's equity. GE's activities are complementary to its own.

Senior shares issued under the offer will not rank for the final dividend for 1978 to be paid on June 1.

Total borrowings of GE at December 31 were £4.46m, against net tangible assets of £2.16m.

The deficit per share comes out at 10.12p (0.42p earnings), and there is no dividend for the period.

GE says that while the company's product range and manufacturing facilities are sound, the directors and their financial advisors believe its financial

position requires a substantial amount of additional capital.

Mr. M. E. C. Thomas, GE's deputy chairman, said last night: "Although the company has lost money this was because it made certain decisions, not because anything that is wrong with the products. A lot has been spent on research and development."

Sales in the three months to December, he said, were higher than in the six months to the end of September and this level of business had continued.

Commenting on the bid, he pointed out that GE shareholders were not likely to get a dividend for some time. As Senior shareholders, however, they would be assured of some income although this would be on a lower capital base.

British Syphon expands American interests

British Syphon Industries has entered into negotiations with Mr. J. Booth, president of Booth Inc. of Dallas, Texas, for the purpose of acquiring 50 per cent of his personal holding of 537,845 shares of 50 cents—23 1/2 per cent of Booth's capital.

It is intended that British Syphon should have the option to purchase Mr. Booth's remaining shares at any time during the next two years.

Booth manufactures soft drinks dispensing equipment and its products are complementary to those manufactured by British Syphon's subsidiary, Coldflow.

Booth's shares are traded on the U.S. over the counter market and the price offered for the initial purchase is equivalent to the current market price of \$3.50 per share. The total cost to British Syphon will, therefore, be around £700,000.

SAATCHI AND SAATCHI BUYING DUBLIN AGENCY

Subject to the receipt of required Irish Government consents, Saatchi and Saatchi Compton will acquire the Dublin agency O'Kennedy - Brindley, which is one of Ireland's top three agencies, and recently became the largest agency in terms of television expenditure.

Saatchi will acquire an 80 per cent shareholding for £106,975 at completion and a further interim payment of around £108,975 following publication of OKB's accounts for the year ended March 31, 1979. This payment will be conditional on achieving profit and net assets forecasts.

A further payment of £100,000 will be made one year after completion, conditional on the fulfilment of warranties and indemnities by the vendors.

A final payment will be made following publication of OKB's accounts for the year to September 30, 1981, and will be related to average after-tax profits for the two-and-a-half year period ending September 30, 1981.

Saatchi has the option to call for any amounts by an underwritten issue of securities or loan instruments.

OKB's turnover and pre-tax profits have both more than doubled since 1975 and the company is anticipating a turnover of £2.5m for the year ended March 31, 1979. With pre-tax assets of £100,000, net tangible assets at the year-end are expected to be some £275,000.

GRINDLAYS BUYS FRENCH OUTLETS

Subject to the necessary approvals Banque Grindlay Ottomane (a member of the Grindlays Bank Group) has reached agreement in principle to acquire Bank of America's four provincial French branches in Lille, Lyons, Marseilles and Strasbourg.

The acquisition forms part of the bank's expansion in Europe. Mr. J. H. Totton, Bank of America's vice-president in Europe, explains that the bank's results from a long term plan to centralise French business activities in the Paris branch.

WILLIAM ASHBY

The offer by Ready Mixed Concrete for William Ashby and Sons has been accepted in respect of the 97.65 per cent of the capital. The offer is unconditional.

REDLAND

Redland Brass, a U.S. company owned jointly by Redland and Brass and Co. GmbH, of West Germany, has completed the acquisition of Season-All Industries of the U.S.

DALGETY

Dalgety announces that agreement in principle has been reached for the acquisition of Goldschmidt and Charteris. The assets of G and C as at December 31, 1978, were £457,000. G and C operates on the London commodity markets, primarily the coffee, cocoa and sugar markets.

RFD

The acceptances of the recommended cash offer on behalf of the RFD Group for the capital of Lindsay and Williams not already owned have now been received in respect of 91.7 per cent of the shares of each class of the L and W capital which

Smurfitt calls for £11.5m to aid expansion plans

Jefferson Smurfitt, the Dublin-based packaging group, is proposing to raise Irish £11.5m through a one-for-six rights issue at 150p. At the same time, the group announced taxable profits of £16.02m, against £15.98m, and a 9 per cent turnover rise to £191m in the year to 31 January, 1979.

A final dividend of 5.93p net per share lifts the gross total by 19.2 per cent to 12.11p per share. The new shares do not rank for the final but the Board, headed by Mr. Michael Smurfitt, intends at least to maintain the level of net dividends for the current year on the increased share capital.

The chairman says the issue's proceeds will be used to reduce short-term debts and for general working capital purposes.

Smurfitt received £16.5m cash last year from the Svenska Cellulosa Aktiebolaget kraft-liner supply deal and the proceeds have largely been invested overseas. This February Smurfitt bid for W. C. Penfold of Sydney, Australia, which given Foreign Investment Review Board consent, would entail an £8.6m cash consideration. The Irish group expects a FIRB decision shortly.

Two months ago, Smurfitt bought a 22 per cent holding in Alton Box Board, of Illinois, for £6.7m, and is now investigating the possibility of buying a

further 22 per cent at an unchanged price of \$23 per share. The cost would be £5.5m.

Neither acquisition contributed to 1978 profits.

Operations in Eire, £56.15m of total turnover, showed good growth, but the group's UK interests suffered a "severe blow" with the tanker lorry drivers' strikes in the last month of the financial year. Bad weather in the U.S. also penalised the group heavily.

Nigeria showed a "poor performance overall."

The current year is expected to be "fair." A recovery is anticipated in the UK and Ireland should make further progress. The U.S. is close to budget in the first quarter and should show an improvement.

The contribution from Nigeria," says the chairman, "will be lower because of the reduction of the group's interests in its Nigerian companies (from 60 per cent to 40 per cent) and the poor prospects for that economy."

UK shareholders, accounting for 42 per cent of the equity, must buy Irish currency to take up their rights entitlements. The present unissued capital is insufficient for the rights so it is proposed to lift the authorised capital from £13.5m to £17.5m by creating 15m ordinary shares of 25p each. To this effect, an extraordinary meeting is being convened for May 25.

Certain directors and other shareholders, namely Irish Life Assurance and New Ireland Assurance, have irrevocably undertaken to back the resolu-

tion and to subscribe for 24.6 per cent of the issue. The balance has been underwritten by The Investment Bank of Ireland and Morgan Grenfell.

Brokers to the issue are Dudgeon and Rowe and Pitman. Nil paid dealings are expected to start on May 29, and last acceptances must be received by June 15.

comment

Stripping out the final dividend and the sterling premium to the punt, Jefferson Smurfitt has pitched its first rights issue for six years at a 19 per cent discount to the opening price yesterday. That looks about a point or two deeper than the current norm and the first break in an enviable profits records has obviously been taken into consideration. The firm shortfall in Nigeria will be difficult to get back but the effects of the transport strike in January and extreme U.S. weather conditioned in the previous winter continued to chip profits by £1.5m-£2m, which presumes a substantially higher earnings platform this year. The shares fell 11p to 178p at the close where the ex-rights yield is 7.1 per cent and the p/e on stated earnings is 7.8. That may be overlooking much of the immediate potential but the expansionary outlook will be looser once the FIRB has given its verdict on the Penfold deal and the Alton board has decided whether to oppose Smurfitt's plans for management control. Both decisions are imminent.

Bridon looks to overseas side

Improved results from the overseas interests are expected by Mr. Harry Smith, chairman of Bridon, the wire, plastics products and engineering group.

But he adds that it is difficult to forecast the results of the UK operations. Much depends on how quickly the group can recover from the national disputes at the beginning of the year and the bad weather.

Great efforts are continuing throughout the group to improve profitability to a level more appropriate to assets employed, and Mr. Smith believes further progress will be made this year, helped by some recovery in demand.

Towards the end of last year the group negotiated and drew down medium term loans of £5m, substantially improving the ratio of short-term to long-term finance.

Last year the company, as

reported on April 5, pushed up taxable profits from £11.61m to £17.11m. A current cost statement shows the surplus reduced to £10.4m (£8.2m).

Net current assets are £40.5m (£34.7m) and fixed assets, after depreciation, stand at £44.82m, against £50.75m.

over well ahead from £47.6m to £59.4m—was around 53 per cent. The final dividend of 2.53p lifts the net total from an equivalent 2.5115p to 3.5p. Stated earnings per 25p share are up from 19.2p to 27.2p.

The taxable profit was struck after depreciation of £759,380, compared with £445,617, and an exceptional debit last time of £92,000.

Tax takes £339,142 (£454,552) and after an extraordinary item last time of £44,541.

Barr and Wallace up 53%

Barr and Wallace Arnold Trust exceeded its forecast by pushing up taxable profits from £1.6m to £3.45m in 1978. At halfway the directors said they anticipated a profits increase of about 25 to 30 per cent.

In fact the advance—on turn-

SAINT PIRAN

At the Court hearing yesterday, the directors of Saint Piran failed to produce any evidence in their defence. To give time for the filing of evidence it was agreed that the hearing be adjourned to Friday upon the undertakings being continued in the form given on May 1.

Rockwell International Holdings Limited

(a wholly owned subsidiary of Rockwell International Corporation, Pittsburgh, U.S.A.)

REMINDER to the Ordinary Shareholders of WILMOT-BREEDEN (HOLDINGS) LIMITED

Your Board has advised you to accept the offer of 115p per Ordinary Share which will not be increased.

Acceptances should be received by National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD by Friday, 11th May, 1979.

If you have mislaid your Forms of Acceptance and Transfer further copies may be obtained from National Westminster Bank Limited, New Issues Department, at the above address (telephone: 01-638 9181 ext. 13/14).

This statement has been issued by S. G. Warburg & Co. Ltd. and Lazard Brothers & Co., Limited on behalf of Rockwell International Holdings Limited ("RIHL"). The Board of RIHL has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and all the Directors jointly and severally accept responsibility accordingly.

**NatWest Registrars Department**

National Westminster Bank Limited has been appointed Registrar of

**London Scottish Finance Corporation Limited**

All documents for registration and correspondence should in future be sent to:

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Registrar's Department  
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37 Broad Street  
Bristol BS99 7NH

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
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INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

NORTH AMERICAN NEWS

Seatrain opts for closure of Brooklyn Naval Yard

BY JOHN WYLES IN NEW YORK

THE WORLD shipbuilding crisis yesterday ended a 100-year long shipbuilding tradition in Brooklyn, New York...

last four years has made the yard increasingly uneconomic, and Seatrain, which bought a 20-year lease on it in 1969...

America, predicted yesterday that in the next four years 60,000 of the U.S. industry's 170,000 jobs will be wiped out by shipyard closures...

Airco to sell ferro alloy facilities

By David Lascelles in New York

AIRCO, the wholly-owned subsidiary of BOC International, is to sell off its ferro alloy business to several purchasers in deals worth around \$160m.

International Paper heads the bidding for Bodcaw

BY STEWART FLEMING IN NEW YORK

INTERNATIONAL Paper yesterday shouldered aside competitors in the bidding for forest products concern Bodcaw...

EUROBONDS

Bond prices edge down in gloomy trading

By John Evans

EURODOLLAR BOND prices edged lower again, with further pressure exerted on recent offerings. Pessimism over U.S. interest rate and inflation trends continued to cloud the investment outlook.

Doubled earnings for Boeing

BY OUR FINANCIAL STAFF

FOLLOWING a 75 per cent increase in sales volume to \$1.78bn, net income of Boeing, the world's leading commercial aircraft manufacturer...

period, the company delivered a total of 68 aircraft, compared with 31 for the same period of last year.

Costs in the first quarter were substantially higher than for the comparable period of last year because of production commitments on the new 757 and 767 aircraft...

Litigation moves hit Brascan bid

BY OUR NEW YORK STAFF

SMALL SHAREHOLDERS in Brascan have added to the complex web of litigation surrounding the Canadian company and its controversial \$1.2bn bid for F. W. Woolworth.

the chance of voting on a resolution to bring the company within the scope of Canada's 1975 Companies Act. This Act was designed to strengthen shareholder control of Canadian companies.

that this Canadian holding company has violated U.S. securities laws by acquiring a large block of stock without a formal tender offer.

International Thomson exceeds forecast

BY OUR FINANCIAL STAFF

INTERNATIONAL Thomson Organisation, the Canadian holding company set up last year to take in the former Thomson Organisation, including its North Sea interests and The Times and Sunday Times newspapers...

previous year, and also an extraordinary credit of \$5.2m for last year.

taxation not provided for in the forecast were offset by net exchange gains and an increase in oil revenue.

Fairchild rejects Gould

By Our New York Correspondent

FAIRCHILD Camera and Instrument, the California-based semiconductor concern, has formally rejected the increased \$155m takeover bid for the company from the Illinois-based electronics concern Gould.

Nuclear group bond market with \$150m issue

BY OUR NEW YORK STAFF

THE PENALTIES facing electric utilities on the U.S. credit markets as a result of the Three Mile Island nuclear accident will be underlined tomorrow with the issue of \$150m of bonds by the North Carolina Municipal Power Agency.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists.

Advertisement for The Royal Bank of Canada, featuring various financial products and a list of international branches.

Table of international bond issues, including columns for country, issue name, amount, and price/yield.

Companies and Markets INTNL. COMPANIES and FINANCE

First quarter increase at Philips

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, THE Dutch electrical group, has increased after-tax profit by 26 per cent to Fl 171m (\$83m) in the first quarter of 1979.

The Fl 85m increase in after-tax profit was largely due to rationalisation measures, Philips explains.

Changes in exchange rates meant sales rose by 5 per cent to Fl 7.55bn (\$3.68bn).

Sales increased at above the average rate in the sectors of lighting and batteries, domestic appliances and personal care products and professional products and systems.

Turnover increased most strongly in Asia, in particular in the Middle East, while sales growth in Australia and New Zealand were also above the group average.

Changes in exchange rates meant sales rose by 5 per cent to Fl 7.55bn (\$3.68bn).

Europe rose 3 per cent. Trading profit rose 20 per cent to Fl 503m with the improvement occurring in the EEC, Asia, Australia and New Zealand.

Other margins improved with after-tax profit rising to 2.3 per cent of sales from 1.9 per cent in the corresponding quarter.

profit rose to Fl 0.88 per share from Fl 0.69. On the basis of customary U.S. accounting principles.

Drinks group, NV Koninklijke Distilleerderijen Erven Lucas Bols, expects higher profit and turnover this year, although the company felt it was "too early" to be specific about the actual extent of the year's growth.

Bols' annual report said the company has problems with some subsidiaries mainly in Argentina and Brazil where complete recovery is being hampered by high inflation rates and reduced local purchasing power.

Neckermann losses trimmed

By Guy Hawtin in Frankfurt

NECKERMANN, the Frankfurt-based mail order and travel group, reports a heavy decrease in losses for 1978.

The management is still not prepared to forecast a return to break-even by the end of the current year.

The concern, acquired by Karstadt, Europe's largest department store group in late 1977, saw last year's losses decline from 1977's DM 125.1m to DM 44.6m (\$23.6m).

Together with state loans and advances from the prospective shareholders, the company is expected to be re-launched with working capital of about FF 80m.

The share capital of FF 1m is more competitive on international markets.

The outlook for large scale engineering and assembly projects is less clear but VMF expects orders for the replacement of older oil-fired power stations in Holland with larger coal-fired plants.

The company has set aside Fl 12.5m (\$6.1m) for political risks in the Middle East this year and will continue with its restructuring programme although the cutbacks "will be less severe" than in 1978.

deputy chairman, Mr. A. Meijer, told a press conference yesterday. VMF bases its optimism on the increasing use of capacity during 1978 and an improvement in the order books in its most promising divisions.

The company's paper, textile and food processing equipment

division, Stork Werkspoor Diesel (SWD) following the acquisition by the State of a large stake. This reduced the loss on non-consolidated companies to Fl 13m from an adjusted Fl 35m.

Although VMF and the Dutch Government have arranged sufficient credit lines to meet any likely further losses, both sides are looking for a strong foreign partner for SWD in the longer term.

Both are convinced Holland cannot maintain an independent diesel engine capacity. VMF Stork's net 1978 loss, excluding provisions, was Fl 46.8m compared with Fl 59.3m the year before.

It proposes passing its dividend after last paying Fl 4 per share in 1975. Production fell to Fl 1.68bn (\$820m).

Regional aid for Manufacture

BY DAVID WHITE IN PARIS

THE THREAT of liquidation for Manufacture, the troubled French manufacturing and retail group, receded yesterday with the drawing up of a local government loan package aimed at backing up a new shareholding structure.

The Saint-Etienne Town Council, Communist-controlled and principal shareholder of Manufacture, is putting up FF 30m (nearly \$7m), and the Loire Department is guaranteeing a further FF 10m.

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is expected to be divided between an assurance group, Maefif, with 30 per cent, departmental development authorities, with 30 per cent, an unnamed Swiss Company, also with 30 per cent, and a publishing group, Editions Dargaud, with 10 per cent.

The new plan is believed to involve the loss of 700 to 800 jobs at the group, which employs 2,600 in various divisions at Saint-Etienne — bicycles, hunting weapons, sewing machines, mail order, retail and a sporting magazine.

Most of these job reductions, however, are to be carried out through early retirement and voluntary departures rather

than outright redundancies. M. Joseph Sanguedolce, Communist Mayor of Saint-Etienne, was quoted as saying that the latest scheme enabled the group "to get out of the tunnel at last."

Thomson-Brandt reports a rise of 10 per cent in first quarter net consolidated sales. The figure of FF 5.75bn, compared to FF 4.97bn.

Major electrical goods contributed FF 2.88bn, up from FF 2.55bn, and durable consumer goods FF 1.42bn, against FF 1.23bn. Electrical capital goods sales were FF 51.6m, against FF 40.4m, and the medical activities contributed a turnover of FF 489.4m compared to FF 333.3m.

Dutch engineer sees recovery

BY OUR AMSTERDAM CORRESPONDENT

HAVING reduced its operating losses from Fl 24m to Fl 59m last year, VMF-Stork, the troubled Dutch engineering group, is confident that 1979 will see the company continue on the road to recovery.

The company has set aside Fl 12.5m (\$6.1m) for political risks in the Middle East this year and will continue with its restructuring programme although the cutbacks "will be less severe" than in 1978.

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Saudi orders at Ericsson show sharp increase

BY VICTOR KAYFETZ IN STOCKHOLM

THE TOTAL inflow of orders at L. M. Ericsson, the Swedish telecommunications group, rose 33 per cent to SKr 11.5bn last year.

In its annual report, the company said that Saudi Arabia accounted for most of the 352 per cent rise in Asian orders of SKr 2.7bn.

Orders from Europe were up nearly 24 per cent to SKr 5.6bn but Latin American orders dropped by 11 per cent to SKr 2.2bn.

The backlog of orders rose 24 per cent to SKr 10.6bn at the end of 1978.

Public telephone exchanges, switchboards, telephone instruments and transmission equipment moved forward strongly but orders for military electronics, cables and components stagnated.

The group is holding to its March forecast of a 1979 pre-tax profit larger than the SKr 721m (\$164m) recorded last year on a turnover of SKr 9.02bn (\$2.05bn).

In 1977, pre-tax earnings were SKr 553m on sales of SKr 7.83bn. The Board has recommended a dividend of SKr 5.50 a share, up from SKr 5 and requiring a payment of SKr 119.8m.

The annual report described

1978 as a successful year for the Ericsson group with breakthroughs on a number of different markets, primarily for the AXE telephone exchange system but also for power and transmission equipment, radar equipment and alarm systems.

The company warned that extremely tough international competition would necessitate continued major investments. For that reason efforts during 1978 had increasingly concentrated on strengthening the group's equity to debt ratio and liquidity and on becoming more cost-conscious.

Ericsson's research and development outlays during 1978 totalled SKr 746m or 8 per cent of turnover. Capital investments were SKr 501m, down from SKr 548m. Cash and bank holdings leaped from SKr 262m to SKr 549m during the year, largely due to advance payments by customers, and working capital rose by SKr 41m to SKr 375m.

The shift from production of manual telephone exchanges to electronic ones is a major long-term factor behind Ericsson's productivity increases.

Profits up and rights issue at Steyr-Daimler

By Paul Lendvai in Vienna

A SHEAR increase in profits and a rights issue — the second in just over 12 months — are announced by Steyr-Daimler-Puch, the Austrian motor company.

Net profits have risen from Sch 92m to Sch 110.8m (\$7.94m) for 1978, an increase of 20 per cent. The proposed rights issue will raise Sch 340m (\$5.7m) via an offer to shareholders on a one-for-six basis at Sch 170 a share.

Steyr, which is controlled by Creditanstalt Bankverein, Austria's number one bank, reports a successful business year. Sales rose by 8 per cent to Sch 11.3bn with exports increasing by 50 per cent to Sch 7.4bn. A maintained dividend of 9 per cent is to be paid.

Stressing the joint ventures with Mercedes Benz and BMW, the company said that the Mercedes-Steyr co-operation in manufacturing cross-country vehicles will mean an output of some 10,000 per annum from the end of 1980. Prospects are excellent for a continued growth.

With BMW, Steyr will manufacture diesel motors. Order books at the end of 1978 was Sch 4.1bn in this sector and sales in the first four months of this year were developing satisfactorily.

The arms sector, primarily light tanks, armoured vehicles and rifles, accounts for over 20 per cent of the turnover.

Acquisitions last year and during early 1979 "have further balanced the group's geographic and product coverage on the world market. Making any effects of economic and currency fluctuations balance out one another and facilitating continued expansion."

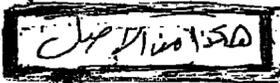
In 1978, sales outside Sweden accounted for more than 75 per cent of Electrolux turnover, with France and North America listed as the largest foreign markets with 13-14 per cent of group sales apiece, followed by Britain and Norway with less than 5 per cent each.

Electrolux believes that co-ordination with Husqvarna, the smaller Swedish rival it bought early last year, will yield full profits during 1979. Sales and profits from cleaning equipment are expected to rise. Husqvarna's profitability, while remaining low picked up during the second half of 1978.

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All of these Securities have been sold. This announcement appears as a matter of record only.

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10 1/2% Debentures Due 1989

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- ABU DHABI INVESTMENT COMPANY ALAHLI BANK OF KUWAIT K.S.C. ALGEMENE BANK NEDERLAND N.V. AMERICAN EXPRESS BANK A.E. AMES & CO. AMSTERDAM-ROTTERDAM BANK N.V. ANDRESEN'S BANK A/S ARNHOLD AND S. BLEICHOEDER, INC. B.S.I. UNDERWRITERS BACHE HALSEY STUART SHIELDS BANCA COMMERCIALE ITALIANA BANCA DEL GOTTARDO BANCA NAZIONALE DEL LAVORO BANCO DI ROMA BANK OF AMERICA INTERNATIONAL THE BANK OF BERMUDA BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) BANK OF HELSINKI BANK JULIUS BAER INTERNATIONAL BANK MEES & HOPE NV BANKERS TRUST INTERNATIONAL BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.) BANQUE BRUXELLES LANBERT S.A. BANQUE FRANCAISE DU COMMERCE EXTERIEUR BANQUE GENERALE DU LUXEMBOURG S.A. BANQUE DE L'INDOCHINE ET DE SUEZ BANQUE INTERNATIONALE A LUXEMBOURG S.A. BANQUE NATIONALE DE PARIS BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET BANQUE DE PARIS ET DES PAYS-BAS BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG BANQUE ROTHCHILD BANQUE WORMS BARCLAYS BANK INTERNATIONAL BARING BROTHERS & CO. BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK BAYERISCHE LANDESBANK GIROZENTRALE BERGEN BANK BERLINER HANDELS- UND FRANKFURTER BANK BURNS FRY CAISSE DES DEPOTS ET CONSIGNATIONS CAZENOVE & CO. CHASE MANHATTAN CHEMICAL BANK INTERNATIONAL GROUP CHRISTIANIA BANK OG KREDITKASSE CITICORP INTERNATIONAL GROUP COMMERZBANK COMPAGNIE MONEGASQUE DE BANQUE CONTINENTAL ILLINOIS COPENHAGEN HANDELSBANK COUNTY BANK CREDIT COMMERCIAL DE FRANCE CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE CREDIT INDUSTRIEL ET COMMERCIAL CREDIT LYONNAIS CREDIT SUISSE FIRST BOSTON CREDITANSTALT-BANKVEREIN DAIWA EUROPE N.V. DELBRUCK & CO. DEN DANSKE BANK DEN NORSKE CREDITBANK DEUTSCHE BANK DEUTSCHE GIROZENTRALE -DEUTSCHE KOMMUNALBANK- DEWAAT AND ASSOCIES INTERNATIONAL S.A. DC BANK DRESDNER BANK EUROMOBILIARES, S.A. EUROPEAN BANKING COMPANY FIRST BAVARIAN CAPITAL CORPORATION FIRST CHICAGO ROBERT FLEMING & CO. FUJI INTERNATIONAL FINANCE GOLDMAN SACHS INTERNATIONAL CORP GREENSHIELDS GROUPEMENT DES BANQUIERS PRIVES GENEVOIS HAMBROS BANK HILL SAMUEL & CO. JARDINE FLEMING & COMPANY KANSALLIS-OSAKE-PANKKI KIDDER, PEABODY INTERNATIONAL KREDITBANK N.V. KREDITBANK S.A. LUXEMBOURGEOISE KUBN LOEB LEHMAN BROTHERS KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.) KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K. KUWAIT INVESTMENT COMPANY (S.A.K.) LAZARD BROTHERS & CO. LEVESQUE, BEAUBIEN INC. LLOYDS BANK INTERNATIONAL MANUFACTURERS HANOVER McLEOD YOUNG WEIR INTERNATIONAL MERRILL LYNCH INTERNATIONAL & CO. MITSUBISHI BANK (EUROPE) S.A. SAMUEL MONTAGU & CO. MORGAN GRENFELL & CO. NATIONAL BANK OF ABU DHABI THE NATIONAL BANK OF KUWAIT S.A.K. THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA) NEDERLANDSCHE MIDDENSTANDSBANK N.V. NESBITT, PHOMSON THE NIKKO SECURITIES CO. (EUROPE) LTD. NOMURA EUROPE N.V. SAL. OPPENHEIM JR. & CIE. ORION BANK PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A. PIERSON, HELDRING & PIERSON N.V. PITFIELD MACKAY ROSS PBANKEN POSTIPANKKI PRITATBANKEN ROTHSCHILD BANK AG N.M. ROTHSCHILD & SONS THE ROYAL BANK OF CANADA (CHANNEL ISLANDS) SALOMON BROTHERS INTERNATIONAL SANWA BANK (UNDERWRITERS) A. SARASIN ET CIE J. HENRY SCHRODER WAGG & CO. SCHROEDERS AND CHARTERED SKANDINAVISKA ENSKILDA BANKEN SOCIETE BANCAIRE BARCLAYS (SUISSE) S.A. SOCIETE GENERALE SPARBANKERNAS BANK STRAUSS, TURNBULL & CO. SOCIETE GENERALE ALSACIENNE DE BANQUE SVENSKA HANDELSBANKEN TRADE DEVELOPMENT BANK. SUMITOMO FINANCE INTERNATIONAL SVENSKA HANDELSBANKEN TRADE DEVELOPMENT BANK. TRADITION INTERNATIONAL S.A. VERBAND SCHWEIZERISCHER KANTONALBANKEN VERINS- UND WESTBANK J. YONTOBEL & CO. S. G. WARBURG & CO. LTD. WARDLEY WESTDEUTSCHE LANDESBANK GYROZENTRALE WILLIAMS, GLEN & CO. WOOD GUNDY YAMAICHI INTERNATIONAL (EUROPE) May 7, 1979

Zurzolo to head IRI

Paul Setts in Rome

THE NEW managing director of Italy's largest state holding company, Istituto per la Ricostruzione Industriale (IRI), is expected to be Sig Antonio Zurzolo.

Sig. Zurzolo is 56 and is currently managing director of another major state holding company, ENEL.

His nomination to the key IRI post is understood to have been made by Sig. Pietro Sette, the new IRI chairman who took over from Sig. Giuseppe Petrilli at the beginning of this year.

Before his appointment to IRI, Sig. Sette was chairman of the state hydrocarbons agency, ENI.

Sig. Zurzolo is expected to take over from Sig. Alberto Boyer, the IRI managing director who resigned last March following a fierce public row with Sig. Sette.

Beijerinvest forecasts upturn

BY OUR STOCKHOLM CORRESPONDENT

BEIJERINVEST, the Swedish trading, investment and industrial group, expects pre-tax earnings to rise by about 40 per cent to SKr 80m (\$18m) for 1979.

The Board has proposed increasing the dividend for 1978 by SKr 1 to SKr 6 per share, making the total payment SKr 28.6m.

Mr. Anders Wall, group managing director, reports that "the major reconstruction measures carried out during 1978 to eliminate losses make me believe that the heavy industrial operations can be made profitable within a year or so, which is entirely necessary for the survival of these companies."

The group's pre-tax result last year was SKr 57m (\$13m), against SKr 65m. Turnover rose from SKr 7.15bn in 1977 to SKr 7.42bn (\$1.69bn). A bright spot in 1978, according to the annual report, was the increase in SKr 98m or 27 per cent in the parent company's share portfolio to a year-end value of SKr 438m. Dividend income of the portfolio, dominated by investment companies and bank and insurance company shares,

totalled SKr 16.7m, down from SKr 18m in 1977.

Beijerinvest's 40 per cent share in the Prippts Brewing Company yielded dividends of SKr 4m. The group predicted that the share portfolio plus Prippts will yield SKr 25m this year. Trading operations will also yield improved earnings this year.

But earnings of Beijer International Trading, a company which ships chemicals, industrial supplies and building materials, were unsatisfactory last year. The group expects unchanged good earnings from its foodstuffs companies and recently announced plans to market its Ramloesa mineral water in the U.S.

Restructuring at Electrolux, the Swedish multinational which makes home appliances, office machines, maintenance equipment and power saws, of recently-acquired companies and coordination of their activities with those of older units will favourably affect earnings in the near future.

The group sticks to its forecast that sales for 1979 will rise

from SKr 12bn to just over SKr 13bn (\$2.95bn) and that pre-tax profit will increase by roughly 10 per cent over last year's SKr 677m (\$154m). Companies acquired during 1978 contributed SKr 1.94bn toward the 1978 sales figure.

Acquisitions last year and during early 1979 "have further balanced the group's geographic and product coverage on the world market. Making any effects of economic and currency fluctuations balance out one another and facilitating continued expansion."

In 1978, sales outside Sweden accounted for more than 75 per cent of Electrolux turnover, with France and North America listed as the largest foreign markets with 13-14 per cent of group sales apiece, followed by Britain and Norway with less than 5 per cent each.

Electrolux believes that co-ordination with Husqvarna, the smaller Swedish rival it bought early last year, will yield full profits during 1979. Sales and profits from cleaning equipment are expected to rise. Husqvarna's profitability, while remaining low picked up during the second half of 1978.

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This advertisement complies with the requirements of the Council of The Stock Exchange.

Canadian Pacific Limited

(Incorporated under the laws of Canada)

U.S. \$50,000,000 9 3/4% Collateral Trust Bonds due 1989

Issue price 100% plus accrued interest from May 15, 1979

The following have agreed to subscribe or procure subscribers for the Bonds:

- Orion Bank Limited A. E. Ames & Co. Limited Pierson, Helling & Pierson N.V. Salomon Brothers International Swiss Bank Corporation (Overseas) Limited The Bonds, issued at 100%, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the Bonds. Interest is payable annually on May 15, the first payment being made on May 15, 1980. Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual business hours up to and including May 23, 1979 from: Orion Bank Limited 1 London Wall London EC2Y 5JX R. Nivison & Co. 25 Austin Friars London EC2N 2JB May 9, 1979

CLIVE INVESTMENTS LIMITED 1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-263 1101, Index Guide as at May 1, 1979 (Base 100 on 14.1.77) Clive Fixed Interest Capital 155.61 Clive Fixed Interest Income 127.61

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London, EC3V 3PB. Tel: 01-623 6314. Index Guide as at May 3, 1979 Capital Fixed Interest Portfolio 115.15 Income Fixed Interest Portfolio 105.15

# Poor demand checks Custom Credit

BY JAMES FORTH IN SYDNEY

CUSTOM CREDIT Corporation, the wholly-owned finance offshoot of the National Bank of Australasia, lifted its profit 12.4 per cent, from A\$8.55m to A\$9.58m (US\$10.6m) in the six months to March 31. The directors said that strong competitive pressures and subdued demand for some types of finance held back the rate of growth.

Custom Credit's experience was similar to that reported last week by the industry leader, Australian Guarantee, a majority of which is owned by the Bank of New South Wales.

Revenue of Custom Credit rose almost 10 per cent, from A\$100.6m to A\$110.4m (US\$122m). The profit equalled 8.7 per cent of revenue, but profit on shareholders' funds dipped from 13.7 per cent to 13.1 per cent.

The directors said that the finance operations of the group produced A\$9.0m of the total profit, an increase of 17.3 per cent over the same period last year. Gross receivables totalled A\$1.31bn compared with A\$1.23bn at September 30 and A\$1.18bn at March, 1978. They

said that the annual rate of increase was "somewhat lower" in the second half, but still represented growth in real terms.

During the latter part of the second half there were signs of a strengthening in demand from selected segments of both the consumer and corporate sectors. Consumer finance, mortgage loans and wholesale finance for motor dealers accounted for 70.9 per cent of gross receivables and leasing for 19.9 per cent. Real estate bridging advances, joint venture

loans and development property accounted for 7.9 per cent.

The group was well placed to maintain growth in profit and receivables, the directors considered. The insurance subsidiary, National and General Insurance Company, earned A\$527,000 before extraordinary items of A\$237,000. Gross premium income dipped 9 per cent to A\$27.95m and the board said that rate cutting in the industry was not abating and was having a detrimental effect on the premium income and profit of the company and the industry.

# Fishing halt slows Ovenstone

By Jim Jones in Johannesburg

OVENSTONE Investments, the diversified South African fishing and property group, suffered a fall in taxed profit to R2.61m (\$3.1m) in the year to February 28, from R4.22m in the previous year.

A major factor was the murder at sea last October of some of the group's trawlermen by Polisario Front members. This brought a temporary halt to fishing operations off the West African coast, with a resulting loss of group taxed profit estimated at R1.05m.

Pre-tax earnings for the year were R2.18m, against R4.68m. Turnover increased 3.7 per cent, to R40m (\$47.3m), from R38.5m. Ovenstone was also affected by lower pilchard quotas

West coast trawling has resumed, but quotas are still in force off the coast of Namibia, and these will probably be maintained for some years—while over-fished pilchard areas re-establish themselves—with operations in this area contributing around 10 per cent of profits.

Elsewhere, Ovenstone's building construction operations continue to reflect a flat housing market. On lower per share earnings of 9.23 cents, against 21.24 cents in 1978, dividends totalling 3 cents, against 6 cents, have been declared, covered 3.08 times, compared with 3.54 times.

# Koor growth plan sees turnover doubled by 1985

BY L. DANIEL IN TEL AVIV

KOOR—The industrial holding company of the Israel Labour Federation—which controls over 100 industrial enterprises, plans to double its turnover, from an expected I£25bn (just over \$1bn) this year to I£48bn in 1985. At today's prices, exports are to increase at an even faster rate—from I£320m to I£750m, according to a long-term programme prepared by the concern's director-general, Mr. Naftali Blumenthal.

Decisions taken now on the expansion of existing enterprises and the establishment of new ones would determine the face of Israel's industry not only in the mid-1980s, but until the end of the decade, it was

stressed. A substantial inflow of capital was to be expected in the near future. This had to be used to acquire additional means of production rather than to finance imports of finished products, so as to build a solid base for the further growth of Israeli exports, Mr. Blumenthal added.

A case in point was provided by Koor's chemical branch, in which I£2.5bn was being invested. White output is to be doubled by 1985 from the current annual rate of I£4bn, the greater part of the additional production is intended for exports, which are slated to rise from I£100m to I£250m. Koor's chemical branch

covers a wide range of products, from pharmaceuticals to paints, pesticides and fire-retardants.

Substantial growth is foreseen in the metal division, in which I£2bn is to be invested, so as to raise turnover to I£10bn, from I£7bn.

This expansion covers, among other things, the production of pipes, profiles and steel, and precision products. A further I£2.5bn is to be invested in the concern's various electronic enterprises with a view to raising output from I£5bn to I£9bn, and exports from I£100m to double that figure. Special emphasis will be placed on communications and on medical electronics.

# Trek forecasts difficult year

By Our Johannesburg Correspondent

TREK INVESTMENTS, the South African petroleum products manufacturer and distributor which is owned as to 18 per cent by Shell, 24 per cent by General Mining, 31 per cent by Federale Volksbelegings and 7 per cent by Industrial Selections, has forecast difficult conditions in the current year.

In 1978, on a 2.7 per cent turnover increase to R155.2m (\$183m) from R151.1m in 1977, Trek reported an increase in pre-tax profit to R7.64m (\$9m), from R6.78m.

# Swan Brewery scrip issue

BY OUR SYDNEY CORRESPONDENT

SWAN BREWERY Company, Western Australia's only brewer, plans a one-for-eight scrip issue. Profits have dipped by 4.9 per cent from A\$16.6m to A\$15.5m (US\$17.2m) in the year to March 31. The directors blamed the lower earnings on substantial costs in commissioning a new brewery at Canning Vale, Perth.

The brewery is now producing and the old City breweries are being phased out. The directors added that they considered the result satisfactory. The lower profit was after a sharp jump in Swan's interest bill, from

A\$117,000 to A\$1.1m.

Group turnover for the year rose almost 14 per cent, to A\$196m (US\$215m). It was expected that the current dividend rate of 9.5 cents a share would be maintained on capital increased by the scrip issue, the directors said.

In a separate move yesterday, Cadbury Schweppes Australia made a A\$2.4m takeover bid for the soft drink group, Passionia Bottling Company (Perth), which is controlled by Swan.

The brewery bought 23.3 per cent of Passionia late last year to

thwart a possible bid from another company, Beverage Holdings, which had built up a 21.7 per cent stake. The Perth Stock Exchange decided that Swan should stand in the market for 20 trading days and the brewer, which said it looked on Passionia as an investment, ended up with 67.3 per cent of the capital. Cadbury Schweppes is bidding A\$2.00 a share which is well above the previous Passionia market price of A\$1.15.

Swan picked up the bulk of its holding at around A\$1.40 a share.

# Sharp rise for Oriental Holdings

BY WONG SULONG IN KUALA LUMPUR

PRE-TAX profits of Oriental Holdings, the Malaysian assembler and distributor of Honda Cars, rose sharply by 77 per cent to 19.9m ringgit (U.S.\$9m) last year. The results were against the general trend in Malaysia and Singapore, where car assemblers and distributors are facing less buoyant conditions, and narrowing of margins, because of the appreciation of the yen and the mark.

However, in the case of Oriental, not only did the strong demand for the Honda Accord boost profits, but the group also benefited substantially from earnings from its other activities.

The group's 22,000 acres of estates, purchased from Jardine Matheson a few years ago, are now producing, and contributed to the profits, while the group's engineering and housing interests, as well as its finance company, made good profits.

Oriental is paying a final dividend of 8.5 per cent plus a special dividend of 7.5 per cent on the enlarged capital of 15m ringgit, compared with a 9 per cent final previously (with no special payout) on the capital of 12m ringgit.

BOUSTEAD Holdings Berhad and its 55 per cent owned plantation subsidiary, Malakoff, have reported steady growth for last year. Boustead's pre-tax profits were up 23 per cent to 18.6m ringgit (U.S.\$8.33m),

ringgit (U.S. \$4.08m), while pretax profits of Malakoff rose by 12 per cent to 3.1m.

The group, which has diversified interests ranging from engineering, trading, shipping and travel, apart from its plantations, said its total sales rose by 24 per cent to 111m ringgit. It is declaring a final dividend of 15 per cent, making 25 per cent for the year, compared with 20 per cent for 1977.

Although Malakoff's profits rose by only 12 per cent, its results were extremely encouraging considering the adverse effects of the drought during the first half of last year, when its profits fell by 34 per cent to 2.55m ringgit.

Most plantation companies in Malaysia suffered losses last year, or made only marginal gains, and the 12 per cent increase in profit by Malakoff is considered quite remarkable.

It is paying a final dividend of 12.5 per cent, making 20 per cent for the year, the same as the previous year.

**“The Company has strengthened its position as one of Britain’s leading life insurance companies and Britain’s largest unit-linked company, with total premiums of £171 million, sums assured in force of approximately £2,700 million and total assets in April 1979 exceeding £750 million, including pension funds of over £200 million.”**

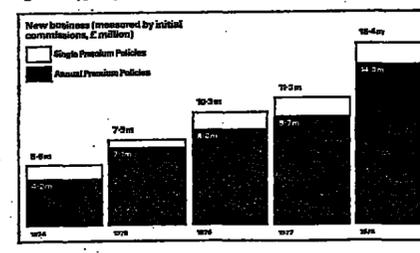
*Extract from the Chairman's Statement by Mr. John Clay, April 1979.*

# 1978-ANOTHER OUTSTANDING YEAR FOR HAMBRO LIFE

“1978 was an outstanding year for the Company. While the life insurance industry as a whole experienced a substantial increase in new business during the year, Hambro Life's growth considerably exceeded the industry average.

As the level of new business indicates, the Company's marketing team performed exceptionally well, with both the direct sales and broker departments achieving record production, and overall the increase in business was well spread across the main classes written by the Company. At the same time, the administration and support services continued to function smoothly, in spite of the substantial increase in business, and the investment management maintained its steady progress with creditable performances over the year in all the unit funds.

**New Business**  
Total initial commissions on new business in 1978 amounted to £16.4 million, compared with the 1977 figure of £11.3 million, an increase of 45%.



New annual premiums increased by 41% to £36.1 million, compared with £25.6 million in 1977. The Company also experienced a large increase in single premiums which rose to £67.3 million, 40% up on the 1977 total of £48.2 million.

The Company's total premium income (new and renewal) received on annual premium policies crossed the £100 million mark—£104 million—compared with £77 million in 1977, and the total premium income of all kinds, including single premiums, was £171 million compared with £125 million in 1977.

**Pattern of Business**

The broadening of the Company's product range resulted in an increase in new sums assured from £730 million to £1,028 million, passing the £1,000 million mark for the first time. This increase came largely from the Company's Whole Life Plan, which is proving to be highly successful, and from term assurance life cover associated with individual pension schemes and retirement contracts for the self-employed.

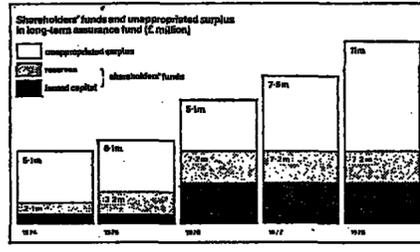
Our wholly-owned subsidiary, Hambro Provident Assurance Limited, continued to make good progress.

**Financial, Dividends and Actuarial Surplus**

The actuarial valuation as at 31st December 1978 showed an increase in the Group's after-tax actuarial surplus in the long term assurance fund of £8,283,000 (1977, £6,306,000), an increase of 31%.

The directors recommend a final dividend of 17.8024p per share which, together with the interim dividend of 6p per share, brings the dividend for the year to 23.8024p per share, net of tax credit, an increase

of 17.7% over the dividend for the last year of 20.2212p per share and the Company has Treasury consent for this increase.



**Share Scheme for Employees**

It is the Company's experience that share participation schemes have proved to be extremely valuable in both motivating staff and retaining their services, and it is accordingly proposed to introduce a profit-sharing scheme of the type permitted under the Finance Act.

**Marketing Administration and Back-up Services**

I would like to thank our Sales Associates and all other members of our marketing team, as well as the leading insurance brokers who have shown their confidence in the Company's products, for their contribution to an outstanding year. I would also like to thank the administration and support staff, both at Head Office and the Branches, for their very effective support.



Copies of the 1978 Report and Accounts are available from: The Secretary, Hambro Life Assurance Limited, 7 Old Park Lane, London W1T 2L7. Registered Office: 51 Bishopsgate, London EC2A 3AB. Registered Number: 865292 England.

# Tyndall Gilt Fund Limited

Annual Report for financial year ending 14th February 1979

	1979	1978
Net Assets	£ 8,447,837	£ 6,220,265
Net Revenue	898,508	369,809
Gross Dividends	663,591	312,828
Retained Revenue	234,918	57,062
Dividend per share	12p	12p

Four dividends of 3p per distribution share were declared during the year with payments being made on 30th June 1978, 30th September 1978, 31st December 1978 and 31st March 1979.

**Extract from the Managers Report**

The year ended 14th February 1979, was not an easy one for the UK Gilt Market. This is evidenced by the fall over the period of 12.1% in the Financial Times 5-15 Year Government Securities Index. Over the same period the distribution shares in the Company fell by 11.3% from 114.8p to 101.8 and the price of the accumulation shares fell by 1% from 140.4p to 139.0p.

Since the end of the financial year the price of the distribution shares has risen to 114.8p at 2nd May. The gross yield as at 2nd May was 10.45% per annum.

The Company provides for both residents and non-residents of the UK a professionally managed high yielding investment vehicle invested in British Government securities. As the Company is controlled from outside both Jersey and the UK, it receives interest on securities without deduction of tax. Because many shareholders require a consistent level of income, the Company seeks to ensure that the income distributed per share is maintained at approximately the same quarterly rate. For a copy of the Report please write to:

Tyndall Managers (Jersey) Ltd  
2 New Street, St. Helier, Jersey, Channel Islands.  
Tel No. 0534-37331.

CURRENCIES, MONEY and GOLD

Sterling down

The dollar showed little change at the close in London yesterday from the closing rates in New York on Monday, but generally finished around its best level of the day while sterling made a late recovery after a large selling order pushed the pound down earlier in the day.

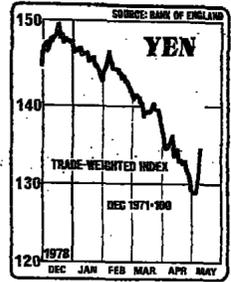
The dollar finished at ¥215.10, slightly firmer than the previous New York closing level of ¥213.97, but sharply weaker than Friday's London close of ¥221.

The Irish punt showed mixed changes, falling to \$2.0040 from \$2.0055 against the dollar, but rising to 96.85p from 96.25p in terms of sterling. The Irish currency also improved to BFR 60.68 from BFR 60.65 against the Belgian franc, and to DKr 10.6675 from DKr 10.6610 against the Danish krone.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8946 against the D-mark yesterday, compared with DM 1.8960 previously. Trading was within a very narrow range, with the U.S. currency opening at DM 1.8945, and trading between DM 1.8933 and DM 1.8950 before the fixing. Sterling fell to DM 3.9200, from DM 3.9470 on Monday, reflecting doubts about the Government's ability to cope with the unions and expectations of higher wholesale prices and lower London interest rates.

MILAN—The dollar was firm against the lira, with EMS currencies little changed. The U.S. currency was fixed at L546.50, compared with L546.50 previously, while sterling declined to L1.748.40 from L1.763.10.

TOKYO—The dollar fell to ¥215.05 in hectic trading, from ¥218.50 on Monday. The dollar opened at ¥213.20 and eased to ¥212.00 in the morning, but recovered in the afternoon. The highest level touched was ¥215.40, and there was no intervention by the Bank of Japan.



in London, and 1.35 cent from the Monday close in New York. The pound's trade-weighted index, as calculated by the Bank of England, fell to 68.3 from 67.3, after opening at 67.2, and standing at 66.9 at noon.

The dollar's trade-weighted index, on Bank of England figures, fell to 85.9 yesterday, from 86.4 on Friday, while its depreciation, according to Morgan Guaranty of New York, narrowed to 7.9 per cent, from 8.1 per cent on Monday.

In terms of the Japanese yen,

THE POUND SPOT AND FORWARD

Table with columns: May 8, Day's spread, Close, One month, Three months, p.a., and % change. Lists various currencies like U.S., Canada, Belgium, Denmark, Ireland, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: May 8, Day's spread, Close, One month, Three months, p.a., and % change. Lists various currencies like UK, Ireland, Canada, Belgium, Denmark, Norway, France, Sweden, Japan, Austria, and Switzerland.

CURRENCY RATES

Table with columns: May 7, Bank rate, Special Drawing Rights, European Currency Unit, and Morgan England Guaranty Index changes %.

OTHER MARKETS

Table with columns: May 8, £, \$, and Note Rates. Lists various international currencies like Argentina, Australia, Canada, Denmark, Finland, Greece, Hong Kong, Iran, Kuwait, Luxembourg, Malaysia, New Zealand, Saudi Arabia, Singapore, and South Africa.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency amount, % change from central rate, % change against ECU, and Divergence limit %.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.80-10.90 per cent; six months 10.90-11.00 per cent; one year 10.80-10.90 per cent.

Table with columns: May 8, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, and Japanese Yen.

EXCHANGE CROSS RATES

Table with columns: May 8, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

INTERNATIONAL MONEY MARKET

New York rates steady

U.S. interest rates showed little change yesterday with 13-week Treasury bills discounted at 9.62 per cent, only slightly changed from 9.65 per cent earlier. 26-week bills remained steady at 8.61 per cent with one year bills at 8.40 per cent.

quoted at 5.10-5.20 per cent, little changed from Monday, while the one-month rate rose slightly to 5.50-5.60 per cent from 5.45-5.50 per cent. Three-month money stood at 5.70-5.80 per cent against 5.75-5.80 per cent with six-month money at 6.00-6.20 per cent compared with 6.10-6.20 per cent previously. The 12-month rate was unchanged at 6.40-6.60 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7 1/2 per cent for one-month and 8 1/2 per cent for three-month. Six-month deposits stood at 8 1/2 per cent with 12-month deposits also at 8 1/2 per cent.

PARIS—Money market rates were quoted at 6 1/2 per cent for call-money, 6 1/2 per cent for

UK MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on an extremely large scale. In addition to buying a small amount of Treasury bills and corporation bills, all direct from the discount houses, they lent an extremely large amount to 7 or 8 houses at MLR for repayment today. Discount houses were paying 12

per cent for secured call loans for most of the day, although some funds became available later in the day down to 11 per cent.

By far the biggest factor against the market was the cost of a 1 per cent recall on special deposits. Banks brought forward balances a small way below target and there was a small increase in the note circuit. This was in addition to the repayment of Friday's small official market advances. On the other hand, there was a small net sum of Treasury bills maturing outside official hands, and Govern-

LONDON MONEY RATES

Table with columns: May 8 1979, Sterling Certificate of deposit, Local Authority deposits, Local Authority negotiable bonds, Finance House Deposits, Company Deposits, Discount market deposit, Treasury Bills, Eligible Bank Bills, and Fine Trade Bills.

Local authority and finance houses seven days' notice others seven days' fixed. Long-term local authority mortgage rates nominally seven years' notice 11 1/2-11 3/4 per cent; five years' notice 10 1/2-11 per cent; one-month bank bills 10 1/2-11 per cent; one-month Treasury Bills 11 1/2-11 3/4 per cent; one-month Treasury Bills 11 1/2-11 3/4 per cent; one-month Treasury Bills 11 1/2-11 3/4 per cent; one-month Treasury Bills 11 1/2-11 3/4 per cent.

WEAKER trend

Gold fell \$1 from its Friday close to finish at \$247.248 in London yesterday. It opened at \$250.250, and lost ground in the afternoon on selling in New York. Trading was moderate. The Krugerrand's premium over its gold content narrowed to 4.77 per cent from 5.28 per cent.

AMSTERDAM—Money rates in general showed little movement, although call money eased slightly to 6 1/2 per cent from 7 1/2 per cent on Monday. One-month money remained at 7 1/2 per cent while the three-month rates were quoted at 7 1/2 per cent. The six-month rate was also unchanged at 7 1/2 per cent.

HONG KONG—Conditions in the money market were generally steady during the morning with money becoming more plentiful during the afternoon. Call money was dealt at 13 1/2 per cent and overnight business at 12 1/2 per cent.

In Paris the 12 1/2 kilo gold bar was fixed at FFR 36,000 per kilo (\$256.22 per ounce) in the afternoon, compared with FFR 36,000 (\$256.44) in the morning, and FFR 36,600 (\$253.15) Monday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM15,215 per kilo (\$249.73 per ounce), compared with DM15,230 (\$249.77) previously.

MONEY RATES

Table with columns: NEW YORK, Prime Rate, Fed Rate, Treasury Bills (13-week), Treasury Bills (26-week), GERMANY, Discount Rate, One month, Three months, Six months, FRANCE, Discount Rate, Overnight Rate, One month, Three months, JAPAN, Discount Rate, One month, Three months, Six months.

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Agent

The Long-Term Credit Bank of Japan, Limited

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December, 1978

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January, 1979

I.G. Index Limited 01-351 3466. Three months Copper 934.5-942.0 29 Lamont Road, London SW10 0HS.

INSURANCE BASE RATES

- Perpetry Growth 111% Vanbrugh Guaranteed 10.12% Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 531.556

WORLD STOCK MARKETS

Wall St. loses 4.7 more in active early trade

INVESTMENT DOLLAR PREMIUM... Effective \$2.675 24 1/2 (24 1/2) WITH INTEREST rate worries continuing to plague the market.

Bow Valley Industries gained 1/2 to \$22 1/2. It has privately placed 1m shares. RANGER OIL picked up 3/4 to \$19 1/2.

exception. Closing 6 per cent lower Monday's level... Gold stocks made fresh progress on the rising Bullion price.

Indices

NEW YORK - DOW JONES

Table with columns: May 1, May 2, May 3, May 4, May 5, May 6, May 7, May 8, May 9. Rows: Industrials, High, Low, % Change.

Table with columns: May 4, May 5, May 6, May 7, May 8, May 9. Rows: Ind. div. yield %.

STANDARD AND POORS

Table with columns: May 4, May 5, May 6, May 7, May 8, May 9. Rows: Industrials, High, Low, % Change.

Table with columns: May 4, May 5, May 6, May 7, May 8, May 9. Rows: Ind. div. yield %.

Table with columns: May 4, May 5, May 6, May 7, May 8, May 9. Rows: N.Y.S.E. All Common.

NEW YORK

Large table of stock prices for New York market, including columns for Stock, May 7, May 8, May 9.

CANADA

Table of stock prices for Canada market, including columns for Stock, May 7, May 8, May 9.

GERMANY

Table of stock prices for Germany market, including columns for Stock, May 8, May 9.

AMSTERDAM

Table of stock prices for Amsterdam market, including columns for Stock, May 8, May 9.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including columns for Series, Vol., Last, etc.

BASE LENDING RATES

Table of base lending rates for various banks and institutions.

AMSTERDAM

Table of stock prices for Amsterdam market, including columns for Stock, Price, Div. Yield.

PARIS

Table of stock prices for Paris market, including columns for Stock, Price, Div. Yield.





JP 11/15/80

AUTHORISED UNIT TRUSTS

Table of authorized unit trusts including Abbey Unit Tr. Mgrs., Alliance Harve & Ross Unit Tr. Mgrs., Allied Hambro Group, and various international and domestic funds.

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., AIG Life Insurance Co., and various investment funds.

Table of offshore and overseas funds including Alexander Fund, Allen Harve & Ross Inv. Mgt., and various international investment vehicles.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Allen Harve & Ross Inv. Mgt., and various international investment vehicles.

NOTES: Prices not include 5 penny commission... Yield before tax... Ex-submission... Only available by cheque book.

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# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES—Cont.

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
169	167	Carbury Sch. Co.	167.5	+	1979	1978	1977	1976	1975
168	166	Carbury Sch. Co.	166.5	-	1979	1978	1977	1976	1975
169	167	Carbury Sch. Co.	167.5	+	1979	1978	1977	1976	1975
168	166	Carbury Sch. Co.	166.5	-	1979	1978	1977	1976	1975

## ENGINEERING—Continued

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975

## CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
91	90	Ellis & Stank	90.5	+	1979	1978	1977	1976	1975
91	90	Ellis & Stank	90.5	+	1979	1978	1977	1976	1975
91	90	Ellis & Stank	90.5	+	1979	1978	1977	1976	1975
91	90	Ellis & Stank	90.5	+	1979	1978	1977	1976	1975

## BANKS & HP—Continued

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
147	146	Hong Sang 20c	146.5	+	1979	1978	1977	1976	1975
147	146	Hong Sang 20c	146.5	+	1979	1978	1977	1976	1975
147	146	Hong Sang 20c	146.5	+	1979	1978	1977	1976	1975
147	146	Hong Sang 20c	146.5	+	1979	1978	1977	1976	1975

## BONDS & RAILS—Cont.

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
31	30	Chicago 4 1/2c 1988	30.5	+	1979	1978	1977	1976	1975
31	30	Chicago 4 1/2c 1988	30.5	+	1979	1978	1977	1976	1975
31	30	Chicago 4 1/2c 1988	30.5	+	1979	1978	1977	1976	1975
31	30	Chicago 4 1/2c 1988	30.5	+	1979	1978	1977	1976	1975

## BRITISH FUNDS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
97.4	97.2	Electric 3c 72-79	97.3	+	1979	1978	1977	1976	1975
97.4	97.2	Electric 3c 72-79	97.3	+	1979	1978	1977	1976	1975
97.4	97.2	Electric 3c 72-79	97.3	+	1979	1978	1977	1976	1975
97.4	97.2	Electric 3c 72-79	97.3	+	1979	1978	1977	1976	1975

## AMERICANS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
135	134	ASA 5% Conv. 87	134.5	+	1979	1978	1977	1976	1975
135	134	ASA 5% Conv. 87	134.5	+	1979	1978	1977	1976	1975
135	134	ASA 5% Conv. 87	134.5	+	1979	1978	1977	1976	1975
135	134	ASA 5% Conv. 87	134.5	+	1979	1978	1977	1976	1975

## DRAPERY AND STORES

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975
44	43	Allen W. Stock	43.5	-	1979	1978	1977	1976	1975

## BEERS, WINES AND SPIRITS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
102	101	Allied Brews.	101.5	+	1979	1978	1977	1976	1975
102	101	Allied Brews.	101.5	+	1979	1978	1977	1976	1975
102	101	Allied Brews.	101.5	+	1979	1978	1977	1976	1975
102	101	Allied Brews.	101.5	+	1979	1978	1977	1976	1975

## CANADIANS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
151	150	Alcan 2 1/2c 1985	150.5	+	1979	1978	1977	1976	1975
151	150	Alcan 2 1/2c 1985	150.5	+	1979	1978	1977	1976	1975
151	150	Alcan 2 1/2c 1985	150.5	+	1979	1978	1977	1976	1975
151	150	Alcan 2 1/2c 1985	150.5	+	1979	1978	1977	1976	1975

## BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
112	111	Allied Const.	111.5	+	1979	1978	1977	1976	1975
112	111	Allied Const.	111.5	+	1979	1978	1977	1976	1975
112	111	Allied Const.	111.5	+	1979	1978	1977	1976	1975
112	111	Allied Const.	111.5	+	1979	1978	1977	1976	1975

## INTERNATIONAL BANK

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
85	84	Bank of Montreal	84.5	+	1979	1978	1977	1976	1975
85	84	Bank of Montreal	84.5	+	1979	1978	1977	1976	1975
85	84	Bank of Montreal	84.5	+	1979	1978	1977	1976	1975
85	84	Bank of Montreal	84.5	+	1979	1978	1977	1976	1975

## COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
98	97	Bank of Africa	97.5	+	1979	1978	1977	1976	1975
98	97	Bank of Africa	97.5	+	1979	1978	1977	1976	1975
98	97	Bank of Africa	97.5	+	1979	1978	1977	1976	1975
98	97	Bank of Africa	97.5	+	1979	1978	1977	1976	1975

## BANKS AND HIRE PURCHASE

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
360	359	ANZ 5 1/2c 1985	359.5	+	1979	1978	1977	1976	1975
360	359	ANZ 5 1/2c 1985	359.5	+	1979	1978	1977	1976	1975
360	359	ANZ 5 1/2c 1985	359.5	+	1979	1978	1977	1976	1975
360	359	ANZ 5 1/2c 1985	359.5	+	1979	1978	1977	1976	1975

## FOREIGN BONDS & RAILS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
23	22	Chagos 4 1/2c 1985	22.5	+	1979	1978	1977	1976	1975
23	22	Chagos 4 1/2c 1985	22.5	+	1979	1978	1977	1976	1975
23	22	Chagos 4 1/2c 1985	22.5	+	1979	1978	1977	1976	1975
23	22	Chagos 4 1/2c 1985	22.5	+	1979	1978	1977	1976	1975

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## ELECTRICAL AND RADIO

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
242	241	A.B. Electronic	241.5	+	1979	1978	1977	1976	1975
242	241	A.B. Electronic	241.5	+	1979	1978	1977	1976	1975
242	241	A.B. Electronic	241.5	+	1979	1978	1977	1976	1975
242	241	A.B. Electronic	241.5	+	1979	1978	1977	1976	1975

## CHEMICALS, PLASTICS

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
97	96	Alco 1c 1985	96.5	+	1979	1978	1977	1976	1975
97	96	Alco 1c 1985	96.5	+	1979	1978	1977	1976	1975
97	96	Alco 1c 1985	96.5	+	1979	1978	1977	1976	1975
97	96	Alco 1c 1985	96.5	+	1979	1978	1977	1976	1975

## FOOD, GROCERIES, ETC.

High	Low	Stock	Price	% Chg	1979	1978	1977	1976	1975
138	137	Alpine Soft D 10c	137.5	+	1979	1978	1977	1976	1975
138	137	Alpine Soft D 10c	137.5	+	1979	1978	1977	1976	1975
138	137	Alpine Soft D 10c	137.5	+	1979	1978	1977	1976	1975
138	137	Alpine Soft D 10c	137.5	+	1979	1978	1977	1976	1975

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

International Financier DAIWA SECURITIES logo and name.

Table of Industrial stocks with columns for stock name, price, and change.

Table of Insurance stocks with columns for stock name, price, and change.

Table of Property stocks with columns for stock name, price, and change.

Table of Investment Trusts with columns for stock name, price, and change.

Table of Finance and Land stocks with columns for stock name, price, and change.

MINES—Continued

Table of Australian Mines with columns for stock name, price, and change.

TINS

Table of Tins stocks with columns for stock name, price, and change.

COPPER

Table of Copper stocks with columns for stock name, price, and change.

MISCELLANEOUS

Table of Miscellaneous stocks with columns for stock name, price, and change.

NOTES

Notes section containing various financial notices and company announcements.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades with columns for stock name, price, and change.

SHIPPING

Table of Shipping stocks with columns for stock name, price, and change.

SHOES AND LEATHER

Table of Shoes and Leather stocks with columns for stock name, price, and change.

SOUTH AFRICANS

Table of South African stocks with columns for stock name, price, and change.

TEXTILES

Table of Textiles stocks with columns for stock name, price, and change.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks with columns for stock name, price, and change.

PAPER, PRINTING ADVERTISING

Table of Paper, Printing, and Advertising stocks with columns for stock name, price, and change.

TEAS

Table of Teas stocks with columns for stock name, price, and change.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks with columns for stock name, price, and change.

SRI LANKA

Table of Sri Lanka stocks with columns for stock name, price, and change.

AFRICA

Table of African stocks with columns for stock name, price, and change.

MINES CENTRAL RAND

Table of Central Rand mines with columns for stock name, price, and change.

EASTERN RAND

Table of Eastern Rand mines with columns for stock name, price, and change.

FAR WEST RAND

Table of Far West Rand mines with columns for stock name, price, and change.

O.F.S.

Table of O.F.S. stocks with columns for stock name, price, and change.

REGIONAL MARKETS

Table of Regional Markets with columns for stock name, price, and change.

OPTIONS 3-month Call Rates

Table of Options and 3-month Call Rates with columns for stock name, price, and change.

INSURANCE

Table of Insurance stocks with columns for stock name, price, and change.

PROPERTY

Table of Property stocks with columns for stock name, price, and change.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks with columns for stock name, price, and change.

FINANCE, LAND, etc.

Table of Finance, Land, and other stocks with columns for stock name, price, and change.

DIAMOND AND PLATINUM

Table of Diamond and Platinum stocks with columns for stock name, price, and change.

CENTRAL AFRICAN

Table of Central African stocks with columns for stock name, price, and change.



**OBJECTION TO HONGKONG AND SHANGHAI BANK BID**

**Siebert to explain hitch**

BY STEWART FLEMING IN NEW YORK

THE RESERVATIONS of Miss Muriel Siebert, the New York State banking superintendent, are expected to emerge later this week as the main obstacle to the Hongkong and Shanghai Banking Corporation's acquisition of 51 per cent of the New York State Banking Corporation.

It is understood that Miss Siebert is planning to meet with bank officials, the bank's attorneys and Salomon Brothers, its investment bankers, to express officially for the first time her reasons for not quickly approving the deal.

In March, the Federal Reserve Board in Washington announced that it would not block Hongkong and Shanghai's \$260m deal with Marine Midland. It

also approved National Westminster Bank's acquisition of the Hongkong bank. But it remains unclear whether she will formally announce a decision to refuse the bank permission to vote the equity it acquires.

Already it is clear that political pressures are building up on her to permit the deal. There are suggestions that Mr. Hugh Carey, New York State Governor, who appointed Miss Siebert, may not share her concern. Miss Siebert could also come under pressure from the Federal Reserve.

On several occasions since the early 1960s, however, New York State banking authorities and the Fed have differed on policy decisions. In the early 1960s, the New York authorities

explained her specific objections to the Hongkong bank. But it remains unclear whether she will formally announce a decision to refuse the bank permission to vote the equity it acquires.

Since about 1974, the State Banking Department has adopted a policy of allowing the major New York banks to move outside the city in New York State only by opening new branches or acquiring small banks.

There have been signs that some New York banks are uneasy about the prospect of a major international bank the size of Hongkong and Shanghai being allowed to acquire a major upstate banking network such as Marine Midland's when they are not permitted to do the same.

approved proposals to permit Morgan Guaranty Trust to expand into upstate New York, only for the Fed to withhold permission.

Since about 1974, the State Banking Department has adopted a policy of allowing the major New York banks to move outside the city in New York State only by opening new branches or acquiring small banks.

There have been signs that some New York banks are uneasy about the prospect of a major international bank the size of Hongkong and Shanghai being allowed to acquire a major upstate banking network such as Marine Midland's when they are not permitted to do the same.



Sir Derek Rayner

**Thatcher calls in Rayner of M & S**

By Richard Evans, Lobby Editor

SIR DEREK RAYNER, joint managing director of Marks and Spencer has been recruited by the Prime Minister to advise Whitehall departments on efficiency and the elimination of waste.

He will work from the cabinet office and will report directly to Mrs. Thatcher. The post is part-time and unpaid.

The substantial reduction of wasteful procedures in the government machine as well as a reduction in civil service manpower was a key element in the Conservatives' election platform. The intention is to cut waste substantially to help pay for the proposed cuts in direct taxation.

Sir Derek's role will be to give advice on increasing efficiency and improved management techniques to departments seeking his aid.

One great advantage he will have is that he is already well-known in public service, having been recruited by Mr. Edward Heath the former Conservative PM to head the procurement executive at the Ministry of Defence from 1970 to 1972. He was knighted by Mr. Heath in 1973.

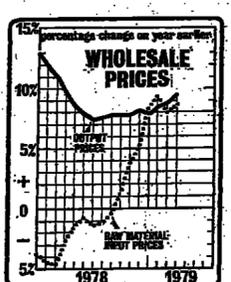
Sir Derek has served on civil service boards recently, and was deputy chairman of the Civil Service Pay Board in 1978. He joined Marks & Spencer in 1953 and became a director in 1967.

Men and Matters Page 18  
 Mand S results Page 28

**THE LEX COLUMN**

**A buoyant year for Marks**

Index fell 9.5 to 549.1



The UK consumer boom has duly allowed Marks and Spencer to catch up on years of meagre profits growth. Between 1973-74 and 1977-78 the group's UK sales doubled but pre-tax profits advanced by a little under 60 per cent. Last year provided the right conditions for Marks to restore its squeezed net margin back to the 12 per cent or so where it used to be. In the process pre-tax profits in the UK have advanced by a third to £163.8m on the basis of a one-fifth sales advance.

Within the sales total, growth of 21 per cent in clothing compares with a national figure of 17 per cent for clothing and footwear retailers, while the 18 per cent gain in food turnover is a full six points ahead of the industry trend. But like the rest of the trade Marks suffered a difficult January-March quarter, when sales growth halved from the earlier 22 per cent, and this took a final polish off the year's figures.

The overseas ventures are showing slow but definite progress. Europe staged a £2.5m turnaround to profits of £1.1m in 1978-79 and this year should be free of the £1.1m of exceptional expenses charged against the Lyon store and the second Paris branch (though there could be opening costs for new units). In Canada the group should at last reach black this time, after being held 50.6m in the red for 1978-79 by £1.6m of reorganisation costs. Already last year the overseas interests were adding a little to domestic growth, so that group pre-tax profits—after employees' profit sharing—emerge 37 per cent higher at £161.6m. This year there are hopes that the overseas operations will again add a couple of points to UK profits growth of, say, 15 per cent.

Whether this prospect is enough to sustain enthusiasm for a share now standing, at 128p, on a p/e of 19.2 is another matter. The Treasury is bringing no help over the interpretation of the dividend cover rule, so that the dividend has only been raised by a quarter (well short of earnings growth) to give a yield of 3.1 per cent. At least shareholders can now hope for a much better payout next year.

struction side, all parts of the business seem to have done well, especially in the Middle East where contracts have been bringing in heavy profits as they approach completion.

The difficulty now is to replace this work. Including a drop of £50m caused by the deconsolidation of a Nigerian company and the termination of a contract in Iran, orders on hand have fallen to £25.5m in nine months. Costain is pursuing new business in the Middle East but cannot rely on landing a stream of high-margin contracts.

There should still be scope for growth elsewhere in the group, however, and Costain's cash mountain has grown big enough to tempt it into a major acquisition. Cash less overdrafts stood at around £90m, or £1.30 per share, at the end of 1978 compared with £52m a year earlier, and so far the only hint of Costain's plans has been a nibble at Capital and Counties where it now holds 7 per cent.

This year, taking the bad winter into account, pre-tax profits of £55m look attainable—on this basis the ordinary shares, at 216p, sell on seven times fully-taxed earnings.

European Ferries  
 After the depressing trading news from former shipping "blue-chips" the results from European Ferries are a welcome reminder that a well-run UK shipping company can still make handsome profits.

In 1978 it pushed its pre-tax profits £4.1m higher to £25.5m. This compares with profits of £4.2m just five years ago and with a current market capitalisation of over £180m it could have its pick of other UK shipping companies (including P and O) if it so wished. But the problem for European Ferries is that it is not sure whether it wants to extend its shipping interests.

Last year it froze tourist tariffs, and this helped swell carryings by 16 per cent. On the freight side (where tariffs were increased by around 12 per cent) carryings were some 10 per cent higher. This year all tariffs have been raised by another 10 per cent or so and carryings should rise by a healthy amount. However, Euroferries has opened up all the routes that it wants, and competition is getting tougher. Hovercraft sorties across the channel are expected to rise five-fold in 1979 and the two new berths at Dover in 1980 will enable Euroferries to rival to compete more effectively.

Euroferries' cross channel business still has scope for further development but the company will find it difficult to maintain its recent heady growth rate. This explains the increasing investment in property (providing a fifth of profits) and its dabbling in new ventures such as flying saucer-shaped "skyships". At 175p the shares yield 2.6 per cent.

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With the return of a Conservative Government the National Enterprise Board is fighting for its life and its 1978 annual report contains much that is designed to reassure a Tory minister: the NEB is not a source of subsidised finance, it is run on a strictly commercial basis, and it does not need any more public money—not yet, anyway.

Judged by commercial criteria, however, the results are disappointing. Return on capital employed, taking out RL and Rolls-Royce, has eased a fraction at 11.3 per cent, against a target for 1981 of 15 to 20 per cent. The problem areas, such as Herbert and Cambridge Instruments, look no brighter, and there are nasty surprises such as the £2m loss at Sinael Radiolux.

The NEB particularly dreads being reduced to a rump of un-saleable and unlovable companies. It argues stoutly that its existence is justified as a buffer between companies in state ownership and the Civil Service, and as a provider of risk finance, a shareholder prepared to take the long view. Its problem now is to convince its own shareholder, the Government, that a long view is appropriate.

**Lloyds Bank urged to alter vote structure**

By Christie Meir

THE NATIONAL Association of Pension Funds has formed a committee to try to persuade Lloyds Bank to change its voting structure, which the group regards as unfair to larger shareholders.

Lloyds' memorandum of association provide for one vote a share up to a maximum of 500 shares. As a result the institutions, which own about 60 per cent of Lloyds' shares, control only a quarter of the votes.

Mr. Tom Hayes, deputy chairman of the Investment Protection Committee of the association, will be chairman of the new committee.

Lloyds' voting structure became an issue at the annual meeting in March, when the Post Office pension fund tried to oppose the board's plans to increase the company's authorised capital by a quarter.

Mr. Ralph Quartaro, chief executive of the Post Office fund, proposed that the increase be reduced to 15 per cent. When his amendment was put to the vote it was discovered that his fund had a maximum 500 votes.

Lloyds pointed out yesterday that the voting structure had remained unchanged since at least 1950, the last time the memorandum were amended. It may even date back to the 1920s, when it was introduced as a defence against any takeover bid.

The institutions have been reluctant for some time to allow companies to greatly increase their authorised capital because of the freedom that gives a Board to undertake rights issues or takeovers on a share basis without shareholders' approval.

In Lloyds' case they have found themselves unable to use their controlling equity holdings to curtail boardroom moves even where these require shareholder consultation.

The same difficulty confronts them in attempting to change the voting structure, which would require overwhelming shareholder acceptance. All the small shareholders would have to be enlisted in an exercise clearly designed to assist only the large ones.

**Ganges may be leisure centre**

THE English Tourist Board are supporting the sale of HMS Ganges, the former Naval training centre near Ipswich, as a leisure centre on the lines of Disneyland.

A public meeting is to be held at Aldeburgh on Thursday to promote the idea to prospective buyers of the site, on the market for the second time. A deal fell through earlier this year.

**Moderates gain control in engineers' union vote**

By Alan Pike, Labour Correspondent

RIGHT-WING GAINS in Amalgamated Union of Engineering Workers' elections yesterday left the executive of the country's second largest union completely in moderate control for the first time in many years.

Among other advances, the Right wing took the London and South-east executive vacancy caused by the retirement next month of Mr. Reg Birch, a Maoist.

The seat has been in Left-wing hands for about 40 years. It now goes to Mr. Jack Whyman, divisional organiser based at Luton, who beat Mr. Len Choulerston, Left wing London regional officer, by 18,492 votes to 13,775.

The West Midlands and Manchester executive vacancy caused by Mr. Terry Duffy's election to the union's presidency last year was taken by Mr. Ken Cure, East Birmingham district secretary, who beat Mr. John Tocher, Left wing divi-

sional organiser in Manchester, by 24,583 votes to 21,362. Mr. Duffy found it "very pleasing" that the union had an all-moderate executive. He attributed part of the moderates' success to the union's use of postal ballots to elect officials.

It had, he said, resulted in polls of up to about 38 per cent in the current round of elections, compared with as low as 2 per cent under the old system when elections took place at branch meetings.

The new Government is pledged to providing financial assistance for unions that wish to use postal ballots. Since the system has been operated in the AUEW, the Left has suffered severe reverses in elections for the executive and full-time officials.

It is significant that in contrast to the results declared yesterday, the elections for this year's AUEW national committee, which are not by postal

ballot, showed a swing to the Left. One executive seat, for Wales and the West, is still vacant. Left-wingers will put all their energies into trying to gain this.

Mr. John Weakley, the Right-wing candidate, topped the poll in a first round and there will be a second ballot in the autumn. Eight candidates have been eliminated.

National pride as well as politics may affect this election. Mr. Weakley is Welsh regional officer, while most of the division's members are in England.

Mr. Bob Wright, unsuccessful Left-wing contender against Mr. Duffy for the presidency, topped the poll yesterday, in a first-round fight to keep his post as assistant general secretary. One of the Left's few other successes was in Scotland, where Mr. Jimmy Airlie, a leader of the Upper Clyde work-in, becomes assistant divisional organiser in Glasgow.

**Deloitte to pay NEB £150,000**

By Martin Taylor

Deloitte, Haskins and Sells, one of the world's eight largest accounting firms, is paying £150,000 to the National Enterprise Board after the discovery of alleged irregularities in the accounts of Power Dynamics, an NEB associate now in receivership.

This was announced yesterday by Sir Leslie Murphy, chairman of the NEB, which invested £180,000 in Power Dynamics early last year to enable it to

expand its manufacturing capability by moving to Bridlington, Yorkshire. Soon afterwards it was discovered that the cash requirements of the company, a manufacturer of tub-bending machinery, were much larger than forecast.

An NEB investigation discovered apparent irregularities in the 1976 and 1977 accounts of the company, which had been audited by Deloitte's. The NEB decided to invest

no further funds in the company which went into receivership at the end of last year. It has since taken legal advice, and Deloitte's has now agreed to pay it £150,000 but is not admitting culpability.

At present the NEB is believed to be having talks with another firm of accountants concerning possible compensation for irregularities in the accounts of another company in which it has invested.

Continued from Page 1

**Howe sets guidelines**

implementing the Budget, during the summer. Initial talks between Mr. James Prior, Employment Secretary, and Mr. Len Murray, general secretary of the TUC, on trade union reform are expected to start soon.

Mr. James Callaghan is almost certain to be re-elected leader, probably unopposed, but there might be open criticism of his decision to postpone the election date from last autumn and of his rigid 5 per cent pay norm, which antagonised the trade unions.

There is still no indication of

Mr. Callaghan's plans but the signs are that he intends to remain as party leader for the foreseeable future, to hand over to his successor at the most appropriate time.

The loss of many leading Left-wingers at the election means that the new Shadow Cabinet might be a relatively moderate body that should not pose Mr. Callaghan too much difficulty initially. The Shadow Cabinet is elected by Labour MPs rather than selected by the party leader.

Mr. Callaghan's difficulties will probably come to a head at the party conference in the autumn, when Left-wing constituencies and the National Executive Committee will mount a heavy onslaught on his moderate policies in an attempt to swing the party to the Left well before the next election.

Continued from Page 1

**Apartheid**

—from trades unions rights. Mr. Chris Heunis, the Minister of Economic Affairs, last night announced government acceptance of the drift of the Riekert report. Among its major recommendations are the

enforcement of influx control simply on the basis of available housing and jobs; allowing wives to join their husbands if they have residence rights; allowing urban blacks freedom of movement between different urban areas; streamlining the recruitment system in the tribal homelands; and transferring the penalty for employing illegal black labour from the worker to the employer.

One important theme is that the regulation of the lives of South Africa's black population should no longer be administered separately from that of whites in common areas such as sport or labour.

**Weather**

**UK TODAY**  
 Cloudy with some rain in Southern England and Wales. Scattered showers elsewhere.

London, S.E., Cent. S. and S.W. England, Channel Isles  
 Mostly cloudy, rain in places. Max. 11C (52F).

E. Anglia, Midlands, S. Wales  
 Rain in places. Brighter later. Max. 9C (48F).

E. Anglia, Cent. N. and N.E. England  
 Isolated showers. Sunny spells. Max. 9C (48F).

N. Wales, N.W. England, Isle of Man  
 Scattered showers, wintry overcast, high ground. Sunny intervals. Max. 8C (46F).

Scotland and N. Ireland  
 Scattered showers, some heavy and wintry. Max. 8C (46F).

● Outlook: Mostly dry with sunny spells.

**WORLDWIDE**

	Y'day	Y'day	Y'day	Y'day
	°C	°F	°C	°F
Aleppo	17	63	17	63
Algiers	20	68	18	64
Amman	14	57	14	57
Amsterdam	10	50	10	50
Bahrein	28	82	28	82
Berlin	16	61	16	61
Bombay	29	84	29	84
Buenos Aires	18	64	18	64
Burgin	18	64	18	64
Calcutta	29	84	29	84
Cairo	20	68	20	68
Canton	20	68	20	68
Cebu	28	82	28	82
Colon	28	82	28	82
Hankow	20	68	20	68
Hong Kong	20	68	20	68
Kobe	18	64	18	64
London	10	50	10	50
Lyons	10	50	10	50
Manila	28	82	28	82
Medan	28	82	28	82
Mumbai	29	84	29	84
Osaka	18	64	18	64
Paris	10	50	10	50
Perth	10	50	10	50
Rangoon	28	82	28	82
Seoul	10	50	10	50
Singapore	28	82	28	82
Sourabaya	28	82	28	82
Taipei	20	68	20	68
Tokyo	18	64	18	64
Yokohama	18	64	18	64

**Urenco wins £400m contracts**

By David Fishlock, Science Editor, in Hamburg

CONTRACTS worth nearly £400m for the enrichment of uranium by the gas centrifuge process were announced in Hamburg last night by Urenco, the Anglo-German-Dutch enrichment company.

Urenco executives said contracts had been signed for about 4,000 tonnes of enrichment with the Central Electricity Generating Board (CEGB) in Britain and for 3,200 tonnes with three West German electricity utilities.

These contracts bring the total orders for enrichment placed with Urenco to about 27,000 tonnes, at a present-day value of more than £1.2bn.

Deliveries are scheduled to take place between 1982 and 1992, with the latest contract

priced at about \$100 (£48) per pound. All are for reactors already operating or under construction.

The German orders are contracts originally placed with the U.S. government under flexible terms which have permitted them to be transferred to Urenco without penalty.

The British contract confirms a letter of intent issued in 1974, and is for deliveries starting in 1983-84 for Britain's advanced gas-cooled reactors.

The three participating governments recently approved additional investment—£90m in the case of Britain—for further

This is expected to include the opening of a third Urenco enrichment plant at Gronau in North-West Germany, where a factory for assembling gas centrifuges is already under construction.

Urenco has always stressed that it will expand its enrichment capacity only to meet firm orders, and not in order to stockpile enrichment.

The latest contracts have been secured at a time of fierce competition between the four commercial enrichment suppliers, the U.S. Department of Energy, Technobexport of the USSR, Eurodif in France, and Urenco.

Mr. Con Allday, managing director of British Nuclear Fuels, Britain's shareholder in Urenco, told the European

yesterday that substantial overcapacity would prevail until the mid-1980s. But the presence of several competing suppliers in a market once monopolised by the U.S. would help protect the customer against any risk of the penalty for employing illegal black labour from the worker to the employer.

One important theme is that the regulation of the lives of South Africa's black population should no longer be administered separately from that of whites in common areas such as sport or labour.

Britain's first-generation nuclear power stations are producing electricity at costs substantially lower than coal or oil stations, a CEGB member told the conference.

Mr. Denis Lomer was discussing the question: "Why should a utility in a country rich in

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